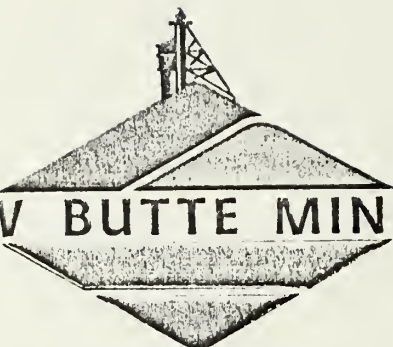


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*Hard Rock Mining*

# **Hard-Rock Mining Impact Plan New Butte Mining, Inc. Silver Bow County, Montana**





# NEW BUTTE MINING

NEW BUTTE MINING, INC.



March 8, 1989

Hard-Rock Mining Impact Board  
c/o Mr. Leonard McKinney, Chairman  
Local Government Assistance Division  
Montana Department of Commerce  
Cogswell Building, Room C-211  
Helena, MT 59620

Dear Sirs:

New Butte Mining, Inc. (NBMI) is hereby submitting 12 copies of the New Butte Mining Project Hard-Rock Mining Impact Plan prepared in accordance with the provisions of the Hard-Rock Mining Impact Act. Also attached is a list of names and addresses of local governmental units which received the Impact Plan and the number of copies submitted to the governmental units for their distribution. Copies of the signed and dated receipts from the governmental units are included as proof of submission. All copies were hand delivered on Monday, March 6, 1989.

NBMI also commits to notifying the Hard-Rock Mining Impact Board and affected local governmental units within 30 days of the start of production, commencement of mining, and commencement of commercial production, as defined in the Impact Plan.

If you have any questions or comments concerning the Impact Plan, please contact myself in Butte at 723-4051 or Mr. Dick Dodge of Economic Consultants Northwest in Helena at 442-6075.

Sincerely,

Thomas M. Malloy  
Environmental Coordinator

TMM:lmr

Enc.

cc: Kit Walther, Montana Department of State Lands  
Carol Ferguson, Montana Department of Commerce  
Dick Dodge, Economic Consultants Northwest

87 800

DEPARTMENT OF COMMERCE  
LOCAL GOVERNMENT ASSISTANCE DIVISION



STAN STEPHENS, GOVERNOR

COGSWELL BUILDING — ROOM C 211  
CAPITOL STATION

STATE OF MONTANA

(406) 444-3757

HELENA, MONTANA 59620-0522

March 13, 1989

Mr. Donald R. Peoples, Chief Executive  
Butte-Silver Bow County Unified Government  
155 West Granite Street  
Butte, MT 59701

Dear Mr. Peoples:

**Impact plan submitted.** On March 6, 1989, New Butte Mining, Inc. (NBMI) filed its proposed Hard-Rock Mining Impact Plan with the potentially affected local government units in Silverbow County. Each local government unit has 90 days within which to review the proposed plan. The 90-day review period will end on Monday, June 5, 1989.

The statutes and rules governing the preparation and review of an impact plan are contained both in the plan itself and in the Guide to the Implementation of the Hard-Rock Mining Impact Act, a copy of which has been provided to you.

**Purpose of impact plan.** The purpose of the fiscal impact plan is to ensure (a) that local government services and facilities are available when and where they are needed as a result of the mineral development, and (b) that the existing local taxpayer does not have to bear the burden of increased costs resulting from the new mining development.

In the impact plan NBMI must identify the increased need for local government services and facilities that will result from the mining operation. The plan must also identify all increased capital, operating and net operating costs for such services and facilities and in the plan NBMI must commit to pay all identified local government capital and net operating costs resulting from the mineral development. "Net operating costs" are mine-generated costs that exceed mine-generated revenues in any specific local government fund in any given fiscal year. The plan also identifies any other assistance NBMI will provide to meet the increased need for local government services.

**Impact plan review.** During the 90-day review period, affected local government units are responsible for reviewing the proposed impact plan on two levels.

1. Both the mineral developer and the affected local government units are required to ensure that the plan complies with statutory and regulatory requirements concerning the format and content of a plan.



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2. Affected local government units are responsible for reviewing the substance of the impact plan to ensure that the plan adequately and accurately addresses increased local government service and facility needs and costs — that is, does the local government unit agree with the data, assumptions, projections and commitments contained in the plan, including any provisions for amending the plan or for providing tax credits?

To help "prepare for or evaluate" a proposed impact plan, a local government unit, through the county, may request financial or other assistance from the developer. The county contracts with the developer on behalf of affected local government units. Such financial assistance constitutes a tax prepayment by the developer.

**Modifications and objections.** During the formal 90-day review period, changes to the proposed plan may be initiated through either of the following two procedures:

1. **Modifications.** The mineral developer and the governing body of each local government unit affected by the change may agree to modify the submitted plan. The modification must be submitted in writing to the Hard-Rock Mining Impact Board and to all affected local government units identified in the plan. The copy submitted to the Board must bear the signatures of the governing body of each local government unit that is requesting the modification and of the developer or its authorized representative.

A modification submitted less than 30 days before the end of the review period must be accompanied by a request from the signatory governing bodies, asking the Board to extend the review period sufficiently to allow the other local government units 30 days to review the modification. (In its discretion, the Board may waive the requirement for an extension, if the modification is signed by all local government units.)

A modification must comply with ARM 8.104.213 and with the applicable requirements of 90-6-307, MCA and ARM 8.104.203.

2. **Objections.** The governing body of an affected local government unit may file a formal objection with the Hard-Rock Mining Impact Board. An objection indicates that the governing body disagrees with something contained in the plan or that it considers something to have been inappropriately omitted from the plan. After filing an objection, the governing body continues to work with the developer to try to arrive at a mutually acceptable resolution of the disputed matter.



A formal objection differs from a joint modification in three important ways: (a) an objection is a unilateral action by a local governing body; (b) the filing of a formal objection enables the developer and local governing body to continue their negotiations beyond the end of the 90-day review period; and (c) if the developer and the governing body do not reach an agreement within the designated negotiation period, then the Hard-Rock Mining Impact Board will adjudicate the disputed issues within a timeframe established by statute.

If an objection is filed, the negotiation phase will continue for up to 30 days after the end of the formal 90-day review period. Prior to the end of the negotiation period, the developer and the objecting local government unit, jointly, may petition the Board to extend the negotiation period for whatever length of time they specify in their petition.

An objection must comply with the requirements of 90-6-307, MCA; ARM 8.104.203 and ARM 8.104.207 through ARM 8.104.209. A format for filing an objection is attached.

Please note that an objection to some feature of a fiscal impact plan is not an objection to the mining project itself. An objection in no way reflects on the proposed mine or its developer. An objection is a local governing body's formal expression of its difference of opinion or judgement on matters related to its local government responsibilities. An objection ensures that a disputed issue will be resolved either by negotiation or by adjudication. In all probability, a governing body would file an objection only if the governing body and the developer were unable to agree upon a modification in a timely manner. As a matter of policy, the Board strongly encourages mineral developers and local government units to maintain open and cooperative communications throughout the process of preparing, reviewing and implementing an impact plan.

**Extension of review period.** A local governing body may petition the Board in writing for one 30-day extension to the 90-day review period. The Board must grant the request if the governing body has a reasonable basis for its request. Only the local government unit or units making the request may file modifications or objections during the 30-day extension, although other local government units may respond to a proposed modification or objection if it affects them.

**End of review period.** If no objections are filed, or if all objections are resolved by negotiation, then the plan is automatically approved at the end of the 90-day review period (or its 30-day extension.) If objections remain unresolved at the end of the negotiation period, the Board will adjudicate the disputed issues within 60 days after a public hearing on the dispute.





Silverbow local governments/NBMI  
3-13-89  
page 4 of 4

**Local governing body.** Please note that only the governing body of an affected local government unit may act on behalf of that local government unit under the Impact Act. Other governmental officials, local residents and taxpayers act through the governing body of the appropriate local government unit.

**County.** The county governing body has certain additional "lead agency" responsibilities on behalf of all local government units, including the following: (1) When the plan is submitted, the county is to publish notice in a newspaper of general circulation in the county. The Board asks that this notice appear in a large, readable format. (2) During the 90-day review period, the county must also provide notice and hold a public hearing on the impact plan. The hearing is for the benefit of all affected local government units and persons potentially affected by the impact plan.

**Ex parte communications.** The Board has adopted a rule on ex parte communications, ARM 8.104.210, which requires that prior to the approval of the plan any party to the plan may not discuss the plan with any Board member outside the context of a public meeting. The purpose of this rule is to ensure that, if disputes should arise, the Board will be able to carry out its adjudicatory or quasi-judicial role without prejudice.

The same rule also requires that staff may not discuss the substance of the plan with any affected party during the 90-day review period. Review of the substance of the plan is entirely a local responsibility. However, staff may provide information concerning the plan review process. If you have questions about statutory or regulatory requirements of procedures, please feel free to call upon us for assistance.

Sincerely,

*Carol L. Ferguson*

Carol L. Ferguson, Administrative Officer  
Hard-Rock Mining Impact Board/DOC  
Cogswell Building Room C-211  
Helena, Montana 59620  
(406) 444-4478

cc. Tom Malloy, Environmental Coordinator, New Butte Mining, Inc.  
Lee Tuott, Planning Director, Butte-Silverbow  
Hard-Rock Mining Impact Board



## EXECUTIVE SUMMARY



New Butte Mining, Inc.'s (NBMI) proposed New Butte Mining Project near Walkerville, Montana, has been evaluated in this fiscal impact plan pursuant to the Montana Hard-Rock Mining Impact Act. This fiscal impact plan analyzes the economic effects that the proposed Project may have on local governmental units and addresses NBMI's proposed methods of ameliorating and reducing adverse impacts which may result from the Project.

However, the projected adverse fiscal impacts of the development would be insignificant, particularly when weighed against the positive economic benefits that would accrue from the Project (see Summary Table). The study area, encompassing portions of Butte-Silver Bow and the municipality of Walkerville, is currently in an economic recovery. The government infrastructure, which provides social and administrative services to the residents of the area, is well developed and is capable of accommodating the increased demands of the projected in-migrating population.

The existing school district can absorb the small numbers of mine-related students without having to construct new facilities. There is adequate vacant housing available throughout the study area. Other community services (e.g., police and fire protection, ambulance service, wastewater treatment, solid waste, public water supply, hospitals) would not be stressed by the small number of in-migrating workers and their families.

Because there are no expected significant adverse fiscal impacts from the New Butte Mining Project, NBMI proposes to provide no compensatory funding or tax base sharing to any governmental units in the study area. The company does, however, advocate that monitoring of fiscal impacts to local





SUMMARY OF NET IMPACT ASSESSMENT -  
NEW BUTTE MINING PROJECT

Local Governmental Unit	Impact <sup>1</sup> Revenues	Impact <sup>1</sup> Needs	Net <sup>2</sup> Impact
<u>Butte-Silver Bow</u>			
Government	\$232,723	\$11,835	No Fiscal Impact
Butte Elementary School District #1	\$325,538	\$79,349	No Fiscal Impact
Butte High School District #1	\$155,480	\$ 5,415	No Fiscal Impact
<u>Municipality of Walkerville</u>			
Government	\$ 53,019	\$ 1,643	No Fiscal Impact

Source: Data compiled by Economic Consultants Northwest, Helena, Montana, February 1989.

<sup>1</sup>Impact revenues and needs are based upon the construction phase and the first 2 years of operations.

<sup>2</sup>Impact revenues exceed impact needs, thus no fiscal impact is anticipated.



governmental units be an ongoing process during the impact period (construction phase and first 2 years of operations). The monitoring of potential fiscal impacts would be accomplished through an annual survey of employees at the New Butte Mining Project. This survey would query employees as to their current residence, the number and ages of any children, and where their children were attending school. All study area governments would be informed as to the results of the annual surveys throughout the projected impact period. If unforeseen impacts or objections arise, NEMI would work closely with the affected governmental units to satisfactorily find solutions to the problem.





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## I. INTRODUCTION

### A. Purpose

New Butte Mining, Inc. (NBMI) has submitted an application to the Montana Department of State Lands (DSL) to develop an underground lead, zinc, silver, and gold mine in Butte-Silver Bow County, Montana. The development, known as the New Butte Mining Project, would employ 75 or more workers for 6 consecutive months or longer, thus classifying the project as a "large scale mineral development."

New large scale mineral developments within Montana must fulfill the requirements specified in the Montana Hard-Rock Mining Impact Act (Act). The intent of the Act is to ensure that: (1) local governmental units are able to provide necessary services and facilities that may become necessary as a result of in-migrating workers and their families; and (2) increased costs for providing additional services and facilities for in-migrating mine workers are the responsibility of the developer and not the local taxpayers.

This fiscal impact plan has been prepared in compliance with the Act (Appendix A) as described in Title 90, Chapter 6, Parts 3 and 4, in the Montana Code Annotated (MCA). The primary purposes of this document are to identify and commit to a plan of action to compensate affected local governmental units for increased capital and net operating costs that result from construction and operation of the New Butte Mining Project. Any questions or comments concerning this fiscal impact plan should be directed to either:

Mr. Richard E. Dodge  
Economic Consultants Northwest  
1400 Eleventh Avenue  
Helena, Montana 59601  
(406) 442-6075

Mr. Thomas M. Malloy  
Environmental Coordinator  
New Butte Mining, Inc.  
P.O. Box 188  
Butte, Montana 59701  
(406) 723-4051



## B. Definitions

The following definitions will apply throughout this fiscal impact plan:

1) Study area: The proposed study area encompasses a portion of Butte-Silver Bow County including the community of Walkerville.

2) In-migrating workers: The estimated number of workers moving into the study area as a result of employment at the New Butte Mining Project.

3) In-migrating population: The estimated number of people (i.e., workers and their families) moving into the study area as a result of employment at the New Butte Mining Project.

4) In-migrating secondary population: The estimated number of persons moving into the study area as a result of employment created by an increase in the demand for goods and services by New Butte Mining Project workers and their families.

5) Mine-related population: Total population (direct and secondary) moving into the study area as a result of the Project.

6) Mine-related student: Any school-age child enrolled in a school in the defined study area who is the ward of a mine or secondary employee.

7) Local hire: Employees of NBMI will be considered to be hired locally if they have occupied the same residence or have lived in the same community within commuting distance of the mine for a period of 3 months.

8) Local governmental unit: A political subdivision such as county, city, town, or village, or any other special district that provides services as described in Title 90, Chapter 6, Part 3, Subsection 7(1)(c) of MCA.





9) Affected local governmental unit: A local governmental unit within the defined study area that may be impacted as a result of the New Butte Mining Project.

10) Impact period: The time from the beginning of construction of the New Butte Mining Project through the first year of production (see Chapter III, Part C).

11) Commencement of mining operations: The date that the developer initiates the first on-site disturbance related to mine development or construction of the mine under an operating permit issued by DSL.

12) Start of production: The date that ore is first removed from the mine and transported to the mill for processing under an operating permit granted by DSL.

12) Commercial production: Commercial production will commence from the date that the developer first ships mineral concentrate from its mill for further processing under an operating permit granted by DSL.

14) Impact needs: The fiscal needs assessed in terms of expected personnel costs, capital outlays, and support costs necessary to maintain the level of present services offered to the existing population.

15) Impact personnel costs: The anticipated expenditures associated with hiring additional employees to satisfy the demands for local government services created by the in-migrating population of the New Butte Mining Project.

16) Impact capital costs: The expected needs for new buildings, equipment, roads, and any purchases as a result of the New Butte Mining Project that are not an ongoing expenditure by the governmental unit.



17) Impact support costs: The expected non-payroll expenditures such as supplies, materials, utilities, and other operating costs of the governmental unit as a result of the New Butte Mining Project.

18) Impact revenues: The revenues generated by addition of the mine, such as property taxes paid by New Butte Mining, property taxes paid by mine-related residents, expected property taxes paid by new commercial activity, and per capita type revenues (e.g., licenses, fees and permits, and governmental transfers).

19) Net impact: The difference between impact costs and impact revenues of affected local governmental units.

#### C. Affected Local Governmental Units

Potentially affected local governmental units in Butte-Silver Bow County were investigated to determine whether fiscal impact would occur due to development and operation of the New Butte Mining Project. Potentially affected governmental units within the defined study area include:

- 1) Butte-Silver Bow County Government (including special districts)
- 2) Municipality of Walkerville
- 3) Elementary School District #1 (Butte)
- 4) High School District #1 (Butte)

The New Butte Mining Project location and production and mining/processing methods are described in Chapter II. Chapter III discusses the Project assumptions including the timetable for construction and operations activities; primary and secondary employment assumptions; expected migration characteristics; school enrollment characteristics; and property taxes. Chapter IV of this impact plan describes the existing conditions of





and potential impacts for the defined local governmental units. For a more detailed description of the existing socioeconomic environment, the reader should refer to the documents submitted by NBMI to DSL as part of the mine operating permit application (December, 1988). Chapter V presents the plan of action to compensate local governmental units for increased capital and net operating costs as a result of the New Butte Mining Project.

Appendix A presents the Act and associated Rules (8.101.101-8.104.305), and Appendix B provides baseline economic and demographic conditions. Appendix C briefly describes the existing fiscal conditions of the study area, Appendix D discusses the housing situation, and Appendix E presents the distribution of the in-migrating population by phase of the Project and geographic area of settlement.



## II. PROJECT DESCRIPTION

New Butte Mining, Inc. will be the developer and the operator of the New Butte Mining Project, a proposed silver, lead, zinc, and gold underground mine. On December 29, 1988, an Application for an Operating Permit and Plan of Operations for the New Butte Mining Project was submitted by NBMI to DSL.

### A. Project Location

The New Butte Mining Project is located in Butte-Silver Bow County with portions within the municipality of Walkerville. Primary surface operations will take place at the Chief Joseph Decline on the eastern boundary of Walkerville. Additional surface activities will take place at the Syndicate Pit and associated facilities. The primary ore structures currently targeted for production lie within the surface boundaries of Walkerville. The offices, shops, warehouses, and change facilities for employees and contractors will be at the Kelley Mine in Butte. The major facilities and areas of proposed surface disturbance of the Project are as follows:

- 1) The Chief Joseph Decline, Permit Area #1.
- 2) The Chief Joseph Sandfill Plant, Permit Area #1A.
- 3) The Syndicate Pit, Permit Area #2.
- 4) The Missoula Mine Shaft and Yard, Permit Area #3.
- 5) The Lexington Mine Shaft and Yard, Permit Area #4.
- 6) A transportation corridor between the Syndicate Pit and the

Montana Resources, Inc. (MRI) Butte Concentrator.



The Butte-Silver Bow Planning Board has zoned most properties impacted by NBMI within Butte-Silver Bow as "M" which allows mining activities. The city of Walkerville has no zoning ordinances. Most impacted property within the Project vicinity is privately owned land.

B. Production and Mining/Processing Methods

The mine will be an underground operation with principal access through the Chief Joseph Decline and secondary access through the existing Lexington tunnel within the Syndicate Pit. The mine will be worked upward from multiple levels to near surface, leaving an adequate surface pillar to minimize surface impacts.

The mine will operate 5 days per week and produce up to 1,500 tons of ore per day. During the 10-year life of mine, it is expected that up to 400,000 tons of ore and 100,000 tons of waste rock per year could be removed. The ore will be transported to an off-site concentrator with trucks and the waste rock will be trucked to an on-site waste disposal area. Soils and subsoils in the waste disposal area and the area of the decline will be salvaged and stockpiled for future reclamation use.

Mined ore will be processed at the Butte Concentrator, owned by MRI, under a custom milling agreement. The circuit will be a conventional lead-zinc circuit, operating 7 days per week at approximately 1,000 tons of ore per day. Modifications will be made to existing MRI equipment to process the ore.





In general, the concentrating process will consist of:

1) Crushing: Ore will be hauled to the Butte Concentrator, where it will be crushed to minus one-half inch size suitable for the grinding circuit.

2) Grinding: At this point, a mixture of ore and water will pass into grinding mills containing steel balls. The cascading effect of the steel balls will grind the ore to a fine size suitable for flotation.

3) Flotation: The ground slurry then will flow through a series of flotation cells, where the ore-bearing minerals will be separated from the waste. There will be 2 separate flotation circuits--one which will float off the lead-bearing minerals and most of the precious metals, and the other circuit which will recover the zinc-bearing minerals. Approximately one-tenth of the ore slurry will be recovered as lead and zinc concentrates, while the remainder will be pumped to the tailings disposal area.

4) Filtration: The lead and zinc concentrate slurries will be resulting in a concentrate cake containing approximately 9 percent moisture. The 2 concentrates will then be weighed and shipped for smelting to metals. It is anticipated that the zinc concentrates will be shipped by rail to trucked to ASARCO's East Helena Smelter.

5) Tailings Disposal: The tailings product will be pumped to the existing MRI tailings thickeners for dewatering. The dewatered tailings will then be pumped along with MRI tailings to the existing Yankee Doodle Tailings Pond. The filtrate will be recycled into the concentrator circuit.



The New Butte Mining Project tailings product, at full production of 1,000 tons per day through the mill, will approximate 2 percent of the current MRI daily tailings volume.



### III. PROJECT ASSUMPTIONS

Potential impacts of the New Butte Mining Project on local governmental units have been projected based on assumptions with respect to mine employment levels, family characteristics of the miners, expected number of in-migrating mine workers to the study area, distribution of the in-migrants, and types of secondary impacts which may occur due to the Project. Assumptions used to forecast potential impacts as a result of the New Butte mining project were based, in part, upon averages (or most appropriate figures) presented in monitoring reports and environmental impact statements associated with other mineral or energy-related developments.

#### A. Project Schedule

The New Butte Mining Project, with ore reserves exceeding 4.0 million tons, has a potential mine life of 10 years. The expected timetable for various phases (i.e., permitting, construction, and operations) are presented in Table 1. The permitting phase began in December 1988, when NEMI officially submitted the mine operating permit application to DSL.

Construction activities will include underground mine development surface plant construction, plant access road construction and/or renovation. Construction is scheduled to be complete within 5 months from startup.

#### B. Project Employment

Mine employment (NEMI and contract) by type of position and phase of the Project is presented in Table 2. Mine employment will consist of employees that work directly for NEMI and employees that work for a firm contracted by NEMI for both construction and operations activities. The





TABLE 1  
EXPECTED SCHEDULE -  
NEW BUTTE MINING PROJECT

Phase	Time Period
I - Permitting Phase	5 months
II - Construction Phase	6 months
III - Operation Phase	



TABLE 2

NEW BUTTE MINING PROJECT EMPLOYMENT -  
CONSTRUCTION AND OPERATIONS

Employment by Type	Construction		Operations			
	1st Qtr.	2nd Qtr.	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.
<u>New Butte Mining Employment</u>						
Administration/Supervision	8	8	8	8	8	8
Technical	10	12	20	20	20	20
Hourly Employees	<u>3</u>	<u>3</u>	<u>3</u>	<u>3</u>	<u>3</u>	<u>3</u>
Total NBMI Employment	21	23	31	31	31	31
<u>Contract Employment</u>						
Administration/Supervision	3	3	5	8	10	10
Technical	8	8	10	10	10	10
Hourly Employees	<u>69</u>	<u>74</u>	<u>150</u>	<u>200</u>	<u>250</u>	<u>250</u>
Total Contract Employment	80	85	165	218	270	270
Total Mine Employment	101	108	196	249	301	301

Source: New Butte Mining, Inc., Butte, Montana, December 1988.



employment figures in Table 2 should be considered estimates because employment may vary according to NBMI's and the contractor's actual employment needs at the time of construction or operations.

Peak construction employment would occur during the second quarter of construction when NBMI expects that 23 employees (8 administration, 12 technical, and 3 hourly) would be working directly for NBMI and 85 employees (3 administration, 8 technical, and 74 hourly) would be working for the contracting firm. Approximately 15 percent of total mine employment would be working directly for NBMI at the beginning of operations (Table 2). At full operations (third quarter of operations), NBMI would employ approximately 31 workers (8 administration, 20 technical, and 3 hourly), and the contractor would employ approximately 270 workers (10 administration, 10 technical, and 250 hourly).

#### C. Project Impact Period

From the point that operations employment becomes stable (i.e., during the third quarter of the first year of operations), no new immigration is expected to occur as a result of the New Butte Mining Project. Therefore, for purposes of this impact plan, the impact period is assumed to last 1.5 years--0.5 year of construction plus the first year of mine operations.

#### D. Fiscal Impact Analysis Methodology

The fiscal impact analysis for this plan is concerned with increased local government costs and revenues as a result of the New Butte Mining





Project. Should the projected costs to local governments exceed projected revenues, monetary impacts may occur to the local governmental jurisdictions.

Impact costs to local governmental units were analyzed in terms of expected additional capital outlays, personnel, and support (or operational) costs. Impact revenues were estimated using projected increased property valuation for the New Butte Mining Project, for the in-migrating population, and for increased commercial activity due to the in-migrating population. Other potential sources of revenue include user fees, fines, permits, and intergovernmental transfers which are usually estimated on a per capita basis.

The case study method of cost-revenue analysis has been utilized in this impact plan because it is ideally suited for rural areas, where significant over or under utilized service capacities may exist. The case study approach is based on the following 4 assumptions.

- 1) Local governmental jurisdictions differ in the degree to which they exhibit excess or different service capacity.

- 2) Marginal changes in providing services are the most accurate indications of future local servicing costs.

- 3) While current local service levels may be altered slightly, they represent measures of local excess and deficient capacity.

- 4) Local government officials, being intimately familiar with services within their jurisdiction, provide the most accurate gauge of future expenditures needed in a particular service area.



#### E. Local Hire Assumptions

A local hiring ratio of 90 percent of all direct mine-related employment was used for predicting impacts for this plan. Table 3 lists the types of employees that would be needed at the New Butte Mining Project and a scenario of the expected percent of local hire by employee type. This table should only serve as an indicator for the number of employees that would need to be hired locally from each category of employment in order to meet the assumed 90 percent local hiring ratio.

NEMI also assumes that 90 percent of the secondary (or indirect) employees would be hired from the local study area. While no data exist for secondary local hiring ratios and NEMI has no control over the hiring policies of local governments and businesses, it is assumed that secondary employment jobs could be filled by the local available work force.

Table 4 lists estimates of the available work force in Butte-Silver Bow by broad employment category. There appears to be a sufficient work force in the study area to satisfy the 90 percent local hire assumption.

#### F. Demographic Characteristics

##### 1. Family Size

Table 5 illustrates the assumed family size characteristics of the in-migrating workers. Eighty percent of the in-migrating employees hired directly by NEMI and the contractor are expected to be married with families present and, on the average, have 1.625 children per married family or 1.3 children per worker.

In addition to the projected employment created directly by the construction and operation of the New Butte Mining Project, the development



TABLE 3  
EXPECTED LOCAL HIRE SCENARIO -  
NEW BUTTE MINING PROJECT

Phase/Position	Maximum Employees Needed	Local Hire Scenario	
		Number	Percent
<u>New Butte Mining, Inc.</u>			
Administration	8	7	87.5%
Technicians	20	18	90.0%
Laborers	<u>3</u>	<u>3</u>	<u>100.0%</u>
Maximum Needed	31	28	90.3%
<u>Contract</u>			
Administration	10	9	90.0%
Technicians	10	8	80.0%
Laborers	<u>250</u>	<u>226</u>	<u>90.4%</u>
Maximum Needed	270	243	90.0%

Source: New Butte Mining, Inc., Butte, Montana, December 1988.





TABLE 4

LOCAL WORK FORCE MONITORING -  
NEW BUTTE MINING PROJECT

Occupation Category	Estimated Available Number of Workers (February 9, 1989)
<u>Montana Job Service-Butte</u>	
Administration	111
Technicians	289
Laborers	460

Note: Technicians (mine-related) include pipe fitters, plumbers, electrician/linemen, ironworkers, boilermakers, welders, sheet metal workers, carpenters, millwrights, cement millers, and brick layers. Laborers include laborers (construction), laborers (store), fallers, loggers, and sawmill workers.

Source: Montana Job Service, Butte, Montana.



TABLE 5  
IN-MIGRATING WORKER FAMILY SIZE

Characteristic	NEML/Contract Employees	Indirect Employees
Family Size	3.10	2.10
Number of Workers	100	100
Number of Spouses Present	80	60
Number of Children Present	<u>130</u>	<u>50</u>

Source: Economic Consultants Northwest, Helena, Montana, December 1988.



can be expected to stimulate increased economic activity and employment in various trade and service sectors of the local study area. This new employment created indirectly as a result of a project is often called "indirect or secondary employment." In-migrating workers employed in secondary (indirect) jobs such as retail sales, education, and government are expected to be younger in age and fewer married with less number of children. This impact plan assumes that the family size of in-migrating indirect employees will be 2.1. As shown in Table 5, 60 percent of the in-migrating indirect workers are assumed to be married with families present and 0.83 children per family or 0.5 children per indirect worker.

Slightly larger family size figures (3.3) have been used in past environmental impact statements and impact plans; however, these figures were based upon studies conducted in the middle and late 1970s, when family sizes were larger than currently being reported. Today's family sizes tend to be smaller because of the significant decline in fertility rates since the 1960s.

## 2. Indirect to Direct Employment Ratios

The effect of additional project employment or total employment in the study area is often measured by an employment ratio, which expresses the change in indirect employment as a ratio of the change in the project employment. This employment multiplier is mathematically defined as:

$$ER = IE/DE$$

where,

ER = Employment multiplier

IE = Change in indirect employment

DE = Change in direct employment (i.e., New Butte Mining Project employment)





Studies have been conducted on project development sites throughout the United States in an attempt to measure these employment ratios. In 1981, Gilmore et al. (1981) conducted an extensive study of 9 energy and power plant development sites in 8 states that showed that indirect/direct employment ratios were substantially less during construction than in actual operation (Table 6). Based on these case study results, Gilmore et al. (1981) also estimated the relationship between site area characteristics and the ratio of indirect to direct employment.

For the community of Walkerville, a ratio of 0.5 during the construction and operation phases were used to estimate secondary employment. This employment multiplier is representative of the data for more urbanized areas presented for the communities in Table 7.

It is assumed that secondary employment is a direct result of changes in the basic employment sectors and, on the average, takes time to develop. Therefore, indirect employment as a result of the New Butte Mining Project was lagged by 1 quarter (3 months) from changes in direct employment.

### 3. School Participation Rates

The term "children" as used in the context of this report is defined as the number of children between the ages of 0 and 18 living at home. To estimate the number of elementary and high school students accompanying immigrating mine workers, ratios were developed based on 1987 Montana school statistics and on the estimated number of children aged 0 through 18 living in the state during 1987 (Table 8). Based on this data, it is estimated that about 45 percent of the children aged 0 through 18 are enrolled in grades kindergarten through 8, approximately 19 percent of the children are enrolled



TABLE 6

ESTIMATES OF INDIRECT/DIRECT RATIO FOR  
CONSTRUCTION AND OPERATIONS EMPLOYMENT -  
SELECTED ENERGY DEVELOPMENT CONSTRUCTION SITES

Case Study	Annual Average Construction Employment	Annual Average Operations Employment
Coal Creek (North Dakota)	0.4 - 0.5	0.8
Clay Boswell (Minnesota)	0.6 - 0.7	0.7 - 0.8
Boardman (Oregon)	0.2 - 0.3	0.2 - 0.3
Laramie River (Wyoming)	0.2 - 0.3	0.6 - 0.8
Newton (Illinois)	0.2 - 0.3	0.6 - 0.8
Fayette (Texas)	0.3 - 0.4	0.6
Bellefonte (Alabama)	0.6 - 0.7	0.7
Coronado (Arizona)	0.2 - 0.3	0.6
Cholla (Arizona)	0.3 - 0.4	0.6



TABLE 7

CHARACTERISTICS AND SECONDARY EMPLOYMENT RATIOS

Type of Project Site Area	In-Migrating Construction Workers	In-Migrating Operation Employees
Rural, sparsely populated no large trade center within impact area	0.2 - 0.3	0.3 - 0.5
Average	0.25	0.4
More urbanized impact areas, population densities moderate	0.3 - 0.4	0.4 - 0.6
Average	0.35	0.5





TABLE 8  
MONTANA SCHOOL PARTICIPATION RATES  
(1987)

<u>Demographic Characteristic</u>	<u>Number</u>	<u>Percent</u>
Ages 0 through 18	226,100	100%
Grades K through 8	106,249	45%
Grades 9 through 12	44,177	19%
Ungraded or Special Education	2,268	1%
Not in School	83,406	35%

- Sources: 1) U.S. Bureau of the Census, Population Estimates of Students by Age and Sex, July 1, 1987, #P-25.  
2) Montana Office of Public Instruction, Helena, Montana, Summary of Public School Enrollment by Grade, 1987.



in high school, about 35 percent are not enrolled in school, and about 1 percent are ungraded or enrolled in special education.

## G. Expected Migration and Settlement Patterns

### 1. Migration Estimates

Based on the aforementioned employment levels, local hiring assumptions, and demographic characteristics, an estimate of net migration to the study area was developed. Table 9 shows the estimated in-migration of both direct and indirect workers to the study area by quarterly periods during the impact period. As indicated in Table 9, NBMI expects in-migration to be slow through construction with an estimated 14 workers (40 people) migrating into the study area.

During operations, there would be a gradual increase of in-migrants until the end of the year when a total of 132 new people, or approximately 48 in-migrating workers, are expected to be living in the area due to operation of the NBMI Project. This total number of in-migrants includes approximately 48 children between the ages of 0 and 18 of which 23 are expected to be enrolled in grade school, 8 in high school, and 17 not attending school.

### 2. Expected Settlement

For the purpose of this impact plan, it was assumed that 10 percent of the in-migrating workers and their families would reside in Walkerville and 90 percent would establish residence in the remainder of the study area. Since NBMI will be operating shuttle buses for workers from the NBMI office

Thus, commuting distance from employee residence to the mining operations should not be a factor on where the in-migrating workers decide to live.



TABLE 9  
EXPECTED TOTAL NET MIGRATION -  
NEW BUTTE MINING PROJECT

Category	Construction		Operations			
	1st Qtr.	2nd Qtr.	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.
<u>Net Migration</u>						
Direct Employees	10	1	9	6	6	0
Indirect Employees	0	3	0	7	2	4
Spouses	8	3	7	9	6	3
Children - Total	12	3	12	11	8	2
Grades K through 8	6	1	6	5	4	1
Grades 9 through 12	2	1	2	2	1	0
Not in School	<u>4</u>	<u>1</u>	<u>4</u>	<u>4</u>	<u>3</u>	<u>1</u>
Total Net Migration	30	10	28	33	22	9
<u>Cumulative Migration</u>						
Direct Employees	10	11	20	26	32	32
Indirect Employees	0	3	0	7	9	13
Children - Total	12	15	27	38	46	48
Grades K through 8	6	7	13	18	22	23
Grades 9 through 12	2	3	5	7	8	8
Not in School	<u>4</u>	<u>5</u>	<u>9</u>	<u>13</u>	<u>16</u>	<u>17</u>
Total Net Migration	30	40	68	101	123	132

Source: New Butte Mine, Inc., Butte, Montana, January 1989.



Furthermore, most of the available housing in the study area, including rental housing, is in the Butte area outside the city limits of Walkerville. Therefore, it was assumed that 90 percent of the in-migrants would live in that portion of the study area outside the city limits of Walkerville, where housing is more plentiful.

#### H. New Butte Mining Project Taxes

##### 1. Gross Proceeds Taxable Valuation

Table 10 shows expected production and estimated gross proceeds at the New Butte Mining Project. The gross proceeds illustrated in Table 10 were estimated using a gold price of \$400 per troy ounce, silver price of \$6.00 per troy ounce, lead price of \$0.40 per pound, and zinc price of \$0.70 per pound. Gross proceeds for 1990 were estimated to be about \$40 million and increasing to \$65 million by 1991.

##### 2. Mine/Equipment Taxable Valuation

The expected taxable valuation for the mine, plant, land, and mine equipment is presented in Table 11. These estimates are based on the latest costs available for both equipment and construction. The market value for the mine and mill is expected to total \$6.7 million by the first year of operations. Total taxable valuation, including valuation from gross proceeds, is expected to reach \$2.5 million by the third year of operations (see Table 11).





TABLE 10  
GROSS PROCEEDS TAXABLE VALUATION -  
NEW BUTTE MINING PROJECT

Type	Operations		
	1989	1990	1991
Ore Production (000 tons)	130	275	440
Estimated Gross Proceeds	\$15,000,000	\$40,000,000	\$65,000,000

Note: Gross proceeds calculations are based on prior year production and include expected content loss at mill, expected loss for smelting and refining, and contract deductions.

Source: New Butte Mining, Inc., Butte, Montana, January 1989.



TABLE 11

MINE/MILL TAXABLE VALUATION -  
NEW BUTTE MINING PROJECT

Type	Construction	Operations		
	Year 1	Year 2	Year 3	Year 4
<u>Market Value:</u>				
<u>Class IV - Land and Improvements</u>				
Concentrator Facilities	\$ 0	\$2,500,000	\$2,500,000	\$2,500,000
Buildings and Land	31,541	433,062	433,062	433,062
Total Class IV	\$ 31,541	\$2,933,062	\$2,933,062	\$2,933,062
<u>Class VIII - Mining Machinery</u>				
Mobile and Field Equipment	\$1,215,646	\$2,449,346	\$2,449,346	\$2,449,346
<u>Class IX - Furniture and Fixtures</u>				
Office Furniture and Fixtures	\$ 0	\$ 90,213	\$ 90,213	\$ 90,213
<u>Class X - Ore Haulers and Large Trucks</u>				
Ore Haulers and 15 Ton Trucks	\$ 0	\$1,200,000	\$1,200,000	\$1,200,000
Total Market Valuation (Class IV, VIII, IX, and X)	\$1,247,187	\$6,672,621	\$6,672,621	\$6,672,621
<u>Taxable Valuation:</u>				
Class II-Gross Proceeds	\$ 0	\$ 225,000	\$1,200,000	\$1,950,000
Class IV	1,217	113,216	113,216	113,216
Class VIII	133,721	269,428	269,428	269,428
Class IX	0	11,728	11,728	11,728
Class X	0	192,000	192,000	192,000
Total Taxable Valuation	\$ 134,938	\$ 811,312	\$1,786,372	\$2,536,372
<u>Taxable Valuation (Outside Walkerville):</u>				
	\$ 107,950	\$ 469,098	\$ 469,098	\$ 469,098
<u>Taxable Valuation (Within Walkerville):</u>				
	\$ 26,988	\$ 342,274	\$1,317,274	\$2,067,274

Note: Taxable valuations are start of the year values. In the case of gross proceeds, the valuation is applicable to prior year production.

Source: New Butte Mining, Inc., Butte, Montana, January 1989.



## I. Local Government Revenues and Costs

### 1. Local Government Impact Revenues

a. Property Tax Revenues. Mine-related families moving into the study area are expected to add to taxable valuation for both residential and commercial property on a per capita basis. Based on 1987 data, the annual estimated residential per capita taxable valuation would be \$402 for Butte-Silver Bow County. During the construction period, no increase in taxable valuation to residential property due to in-migrating contract construction workers is anticipated. Because of the relatively short duration of contract construction, most of these workers probably would not build new homes. Conversely, some in-migrating construction and operations workers directly employed by NBMI probably would build new homes in the study area. For the purposes of this study, it is assumed that one-fourth of the in-migrating NBMI workers would build new homes, thus adding to the taxable valuation of residential property in the study area.

Commercial taxable valuation also would increase as the in-migrating population seeks additional goods and services from area businesses. Commercial taxable valuation is expected to increase at the current commercial/residential ratio for each in-migrant in Butte-Silver Bow County, yielding \$182 average commercial valuation per person for each year. This impact plan assumes property taxes would be paid in 2 equal installments--one-half in November of the year that the taxable valuation was made and one-half in May of the following year.





b. Other Revenues. Estimated local governmental revenue increases from sources such as charges for services, fines, fees, licenses, permits, and some intergovernmental transfers are presented in Table 12 on a per capita basis. These figures were computed by using fiscal year (FY) 1987 data from each government and the most recent population estimates available. Revenues were assumed to be received by the local government in the same year that the in-migrating worker established residence within the study area.

## 2. Local Government Impact Costs

The costs to the city and the county are expected to increase for each mine-related family that moves into the study area due to the New Butte Mining Project. As previously stated (see Section D), these costs have been analyzed in terms of additional capital outlays, personnel costs, and support (or operating) costs. Capital outlay costs and personnel costs are expected to increase in increments of number of in-migrants, while support costs are expected to increase on a per capita basis.

The capital outlays and personnel costs are directly related to the type of outlays and new employees that may be needed by the local governments to provide the same level of services to the community as provided before the New Butte Mining Project. These costs were estimated using information gathered during interviews with local government service providers.

Support costs for Butte-Silver Bow and Walkerville were estimated using 1987 financial data reported by the local governments to the U.S. Bureau of the Census and the Montana Department of Commerce. The per capita support costs reported by Butte-Silver Bow County was approximately \$38.93, whereas Walkerville reported a slightly higher cost of \$46.95 per capita (Table 13).



TABLE 12  
PER CAPITA IMPACT REVENUES -  
NEW BUTTE MINING PROJECT STUDY AREA  
(FISCAL YEAR 1987)

Revenue Source	Butte-Silver Bow	Walkerville
Intergovernmental Revenue	4.45	N/A
Charges	10.93	N/A
Fines	<u>7.62</u>	<u>N/A</u>
Total General Fund	\$48.47	\$44.04

Source: Data compiled from fiscal year 1987 annual reports and computerized data, Local Government Services Division, Montana Department of Commerce, Helena, Montana.



TABLE 13

LOCAL GOVERNMENT ESTIMATED PER CAPITA SUPPORT COSTS -  
NEW BUTTE MINING PROJECT  
(FISCAL YEAR 1987)

<u>Source</u>	<u>Butte-Silver Bow</u>	<u>Walkerville</u>
General Fund	\$27.55	\$46.95
Other Funds	<u>11.38</u>	<u>N/A</u>
Total Support Costs	\$38.93	\$46.95

Source: Data compiled from 1986-87 annual reports and computerized data, Local Government Services Division, Montana Department of Commerce, Helena, Montana, and U.S. Bureau of the Census.



### 3. School District Impact Revenues

In addition to local property taxes, there are 2 potential sources of funds that support new students in a school system--the school foundation program and intergovernmental transfers. The school foundation program guarantees a certain level of funding for elementary and high schools in Montana. The other revenue source is comprised of transfers from state and federal governments and motor vehicle fees. Using FY 1987 data for revenues and the school foundation program and 1987 enrollment data from the Montana Office of Public Instruction, these 2 types of revenues were estimated for Butte School District #1 (Table 14). For purposes of this report, the school foundation program revenues as well as other revenues were assumed to be received 1 year after the student enrolled in the school.

### 4. School District Impact Costs

Certain costs associated with schools may be allocated by enrollment on a student or per average number belonging (ANB) basis. The costs of textbooks, supplies, materials, utilities, and certain miscellaneous items have been estimated for Butte Elementary and High School District #1 (Table 15). The support costs were calculated using annual reports prepared by the Montana Office of Public Instruction. The number of new personnel needed due to an increase in school enrollment was then estimated and the cost of new salaries together with any new capital outlay costs were added to the support costs to calculate total impact needs for the elementary and high school districts.





TABLE 14  
SCHOOL DISTRICT PER ANB REVENUES -  
NEW BUTTE MINING PROJECT  
(FISCAL YEAR 1987)

School District	Foundation Program	Other	Total
Butte Elementary	\$1,770.82	\$304.60	\$2,075.42
Butte High School	2,236.69	157.72	2,394.41

Source: Data compiled from computerized data (1986-87), Office of Public Instruction, Helena, Montana.



TABLE 15

SCHOOL DISTRICT PER ANB SUPPORT COSTS -  
NEW BUTTE MINING PROJECT  
(FISCAL YEAR 1987)

<u>School District</u>	<u>General Fund</u>	<u>Other Funds</u>	<u>Total</u>
Butte Elementary	\$204.14	\$85.49	\$289.63
Butte High School	213.92	71.11	285.03

Note: ANB is the "average number belonging" statistic reported by school district representative of the enrollment of the district at the time of reporting which is usually in the fall of the year.

Source: Data compiled from computerized data (1986-87), Office of Public Instruction, Helena, Montana.



J. New Butte Mining Project Monitoring Program

NBMT will conduct an annual monitoring survey of all NBMT and contract employees during the impact period. Information gathered from the monitoring survey will determine whether the number of in-migrants or the settlement pattern of the in-migrants vary from the projections presented in this impact plan. Provisions in the impact plan are set forth to accommodate for such uncertainties so that appropriate fiscal adjustments can be made to the local governmental units.

Copies of the results of the monitoring survey will be mailed annually to all local governmental units defined in this impact plan. Notification of increased payments or the desire to adjust the impact plan to be more representative of current information will be mailed with the results of the survey. If unforeseen impacts or objections arise during the impact period, NBMT will work closely with the affected local governmental units to satisfactorily resolve any problems.





#### IV. IMPACT ASSESSMENT

Local governmental units within the study area that are included in this impact assessment are Butte-Silver Bow Government (including special districts) and the municipality of Walkerville. Butte-Silver Bow Elementary and High School Districts #1 are the only school districts in the study area.

There are 2 major sections for each potentially affected local governmental unit--Description of Existing Conditions and Expected Impacts. The intention of the "Description of Existing Conditions" section is to acquaint the reader with the facilities and services currently being provided by the local governmental units. Funding for some services may overlap; therefore, governmental units are not always exclusively separated as "county" or "municipality" jurisdictions. In such cases, a description of the affected governmental unit has been presented under Butte-Silver Bow County, rather than the municipality of Walkerville.

Potential fiscal impacts to local governmental units within the study area due to the in-migrating population are discussed in the "Expected Impacts" section for each governmental unit. Fiscal impacts to the affected governmental units are described with respect to expected population impact, impact needs, impact revenues, and net impacts (the difference between impact costs and revenues). Impact needs were assessed in terms of the following cost factors:

- 1) Impact capital costs: As a result of the New Butte Mining Project, the expected needs for new buildings, equipment, roads, and any purchases that are not an ongoing expenditure by the governmental unit.



2) Impact personnel costs: The anticipated expenditures associated with hiring additional employees to satisfy the demands for local government services created by the in-migrating population of the New Butte Mining Project.

3) Impact support costs: The expected non-payroll expenditures such result of the New Butte Mining Project.

Impact revenues are discussed in relation to property taxes to be paid by NEMI, property taxes to be paid by in-migrating mine-related residents to the study area, and expected property taxes to be paid by new commercial activity. Per capita revenues (e.g., licenses, fees, and permits) and governmental transfers also are addressed.



A. Butte-Silver Bow Unified Government

1. Description of Existing Conditions

a. Local Government Administration. A 2-year study concerning local government operations was completed in 1976 by the Butte/Silver Bow County Joint Study Commission. In the November 1976 election, voters approved a ~~charter for~~ unification of the Butte-Silver Bow government. Since the charter was enacted (May 2, 1977), Butte and Silver Bow County have operated as a consolidated government. Walkerville, however, has remained independent and has its own government. Jurisdictional boundaries of the Butte-Silver Bow government encompasses approximately 714 square miles.

The governing body of the unified government is the chief executive and county commissioners. The 12 elected commissioners meet every Wednesday evening. Other elected officials of the unified government include county attorney, clerk of the district court, sheriff, clerk and recorder, school superintendent, treasurer, public administrator, assessor, coroner, and justices of the peace. The unified government employees 312 full-time equivalents in the following job categories: 35 administration, 42 law enforcement, 41 roads/highway, and 194 other unclassified positions.

Law Enforcement. Law enforcement services in the Butte-Silver Bow area are provided by the Montana Highway Patrol and the Butte-Silver Bow Sheriff's Department. Nine Montana Highway Patrol officers serve the Butte area consisting of 1 captain, 1 lieutenant, 2 sergeants, and 5 patrol officers (Lieutenant Colonel Robert Griffith, pers. comm., September 23, 1988).





The Butte-Silver Bow Sheriff's Department is a consolidated city and county law enforcement agency headquartered in Butte. Staff at the department includes 1 sheriff, 1 undersheriff, 36 patrol officers, 8 dispatchers, and 9 jailers (Robert Butorovich, pers. comm., September 23, 1988). All the officers reside within an 8 to 10 mile radius of Butte. According to Sheriff Butorovich, the department needs more patrol officers. Before the city and county unified in 1977, there was a total of 65 officers on the local and county law enforcement staff, a reduction of 27 officers when compared to today's 38 officers.

The Sheriff's Department owns about 20 patrol vehicles. Although some vehicles have many miles of use, they are in excellent condition. The Butte-Silver Bow Public Works Department provides vehicle maintenance service on a daily basis (Robert Butorovich, pers. comm., September 23, 1988).

The Butte-Silver Bow County Jail can house 30 to 35 offenders, including separate facilities for up to 6 female prisoners. Juvenile offenders are rarely incarcerated and only under a court order if they may be a threat to themselves or to the public. If juveniles are housed in the jail facility, they are separated by both sight and sound from adult inmates.

For the past 6 years, a jail study committee has been discussing the feasibility of constructing or remodeling the county jail to accommodate a population of 75 to 80 prisoners. This renovation and expansion project, however, would have to be put on the ballot as a bond issue to be decided by the public and probably would not be done for 3 to 4 years.

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by a Unified Fire District comprised of 1 fire department with 35 paid





firefighters and 8 volunteer departments (Boulevard, Centerville, Floral Park, Big Butte, Racetrack, Terra Verde, Home Atherton, and Rocker) with about 165 volunteer firefighters. The approximate boundary of the fire district is Walkerville on the north, near the airport on the south, the intersection of Interstates 15 and 90 on the west, and the Continental Divide

The Unified Fire District owns 15 pumpers, 1 aerial truck, and 2 rescue units which are all in good condition. The water flow for firefighting purposes is good in spite of the antiquated water system of Butte Water Company (Bob Armstrong, pers. comm., September 23, 1988). On a scale of 1 to 10, with 1 being the highest rating, Butte has a class 5 fire protection rating (Earl Huestis, pers. comm., October 10, 1988).

d. Water Supply. The Butte Water Company has been privately owned since 1892 when the Basin Creek water system facility was first constructed. In 1985, the water company was purchased and is now operated by Dennis Washington, also the owner of Montana Resources, Inc.

The water source for the Butte Water Company comes from the Big Hole River, Basin Creek Reservoir, and Moulton Reservoir. The 85-mile long wooden mains that transport water from the Big Hole River to Butte were constructed in 1901 and are in extremely poor condition (Mike Patterson, pers. comm., September 22, 1988). The Moulton Reservoir, just north of Walkerville was upgraded in 1905. The 3 water sources can provide the following gallons of water per day (gpd): Big Hole River, 14.2 million gpd; Basin Creek Reservoir, 5 million gpd; and Moulton Reservoir, 900,000 gpd. There are 3 storage reservoirs that are in "functional" condition--Moulton Reservoir,



200,000,000 gallon storage capacity; West Side Reservoir, 14 million gallon capacity; and High Service Reservoir, 1 million gallon capacity.

The water system currently serves about 35,000 users, or 13,300 service connections including Walkerville. Residences are not metered, but commercial establishments have metered service. The average daily usage is 13.5 million gallons, and maximum peak consumption is 29 million gpd.<sup>1</sup> The system is operating at above design capacity, oftentimes unable to meet the public's demand for water. For the past 3 years, there has been year-round water restrictions in which watering can only be done 6 hours a day (6:30 to 9:30 a.m. and 6:30 to 9:30 p.m.). These restrictions are strictly enforced with violations being a warning for the first offense and, for the second offense, water is turned off and not turned back on until a reconnection fee is paid by the water user (Bill Patterson, pers. comm., September 22, 1988). Even with the water restrictions, there are problems in providing the users

The Butte Water Company is under the authority of the Montana Public Service Commission (PSC) because they are privately-owned and operated. Publicly-owned water systems are under the jurisdiction of the Montana Department of Health and Environmental Sciences (DHES). Being under the authority of PSC rather than DHES disqualifies them for submitting applications for grant monies (e.g., Community Development Block Grant) to upgrade the deteriorated water system. An Ad Hoc Citizens Committee has been

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<sup>1</sup>Because of the extreme amount of water leakage from the system, these figures are probably high estimates of actual water consumption (Mike Patterson, pers. comm., September 22, 1988).



discussing the water delivery system problems and the possibility of Butte-Silver Bow taking control of the system. It is estimated that it would require \$35 to \$55 million to upgrade the system (Bill Patterson, pers. comm., September 22, 1988).

e. Wastewater Treatment. Established in 1963, Metro Sewer District of Butte-Silver Bow County is responsible for the wastewater treatment facility. The sewage treatment facility is a complete mix, activated sludge system. The system was constructed in 1969 and upgraded in 1980 to comply with state standards.

The system serves a population of approximately 37,000 in and around the Butte area including Walkerville. The design flow is 8.5 million gpd and the system currently operates at 5.5 million gpd (Bill Pasco, pers. comm., September 23, 1988).

f. Solid Waste. McGree Trucking has a contract with Butte-Silver Bow County to provide residential refuse collection and disposal services in Butte. Commercial establishments in Butte individually contract with Martz Disposal Service for garbage pickup and disposal services.

In the Walkerville area, Mr. Oral Rickey contracts with residents for household garbage pickup and disposal. Mr. Rickey charges a flat rate of \$6.00 a month for his services (Oral Rickey, pers. comm., September 27, 1988). McGree Trucking contracts with commercial establishments in Walkerville on an individual basis to provide containers and to collect and dispose of solid waste (Tom McGree, pers. comm., September 27, 1988).

The 60-acre sanitary landfill is located on Little ~~Butte~~ just south of Butte. There is no capacity left at the present landfill







site. A consultant has been contracted to research and recommend potential landfill sites. Their report should be submitted by November 1988, and by next July the land for the new landfill should be purchased and in operation (Rick Larson, pers. comm., September 23, 1988).

g. Hospitals and Long-Term Care Facilities. St. James Community Hospital operates 2 medical facilities known as the West Campus and the East Campus. The West Campus is the main hospital offering all medical and acute emergency care services except open heart surgery. The 180-bed hospital operated at about 40 percent in 1987 (Montana Department of Health and Environmental Sciences 1988).

There is a combined staff at the West and East Campus of 595 including 2 pathologists and 1 anesthesiologist. The 55 physicians that have staff privileges at the hospital specialize in a wide range of medical services. Emergency room services are provided by a subcontractor to the hospital. There is a physician available in the emergency room 24 hours a day, 7 days a week (Patrick Dudley, pers. comm., September 26, 1988).

The hospital has up-to-date equipment including cancer treatment machines, CAT scan, and magnetic resonance imaging (MRI). There is an area in front of the hospital that is used for helicopter ambulance service.

In 1982, Silver Bow General, a county-operated hospital, went bankrupt and was purchased by St. James Hospital and is now known as the East Campus (or Ridge View Treatment Center). The 90-bed hospital provides ambulatory care services, drug and alcohol programs, and mental health



programs. The chemical dependency and mental health programs are usually limited to adults (Patrick Dudley, pers. comm., September 26, 1988).

Highland View Outpatient Surgical Center is owned and operated by 9 Butte physicians. The 9 physicians are engaged in private medical practice in addition to scheduling surgery on an outpatient basis (i.e., no overnight stay) at the Center. Employees of the Center include an anesthesiologist, 2 registered nurses, 2 licensed practical nurses, 1 scrub technician, and 1 secretary (Georgia Evankovich, pers. comm., September 27, 1988).

Rivendell of Montana, a privately-owned adolescent mental health facility, started receiving patients in mid-September 1988. Services at the facility focus on primary diagnosis of emotionally disturbed in the 5 to 18 year old age group. The 50-bed hospital currently employs 55 people with expected employment to reach 80 to 90 workers (Curt Keller, pers. comm., September 27, 1988). There are 1.5 full-time contract physicians and 12 registered nurses on staff.

There are 3 long-term care facilities in Butte--Butte Convalescent Center, Butte Park Royal Convalescent Center, and Crest Nursing Home. The Butte Convalescent Center has 100 licensed beds and reported 95.9 percent occupancy in 1986; Butte Park Royal Convalescent Center has 200 licensed beds and reported 84.9 occupancy in 1986; and Crest Nursing Home has 103 licensed beds and reported 92.7 percent occupancy in 1986 (Montana Department of Health and Environmental Sciences 1987).

h. Ambulance Service. A-1 Ambulance is the only ambulance service available in the Butte area. A-1 Ambulance is privately owned and has 12 paid personnel on first-call standby and 8 reserve ambulance attendants



available for major emergency situations. Ninety percent of all the ambulance attendants are emergency medical technicians (EMTs) and the remaining 10 percent are certified in advanced first aid. With respect to the NEMI Project, 6 of the 12 regular personnel are trained in emergency underground mine rescue (Mike McGree, pers. comm., September 22, 1988).

Five radio-equipped emergency vehicles are maintained by A-1 Ambulance with special equipment including underwater rescue tanks and jaws-of-life equipment designed to open mine shovels. Although the ambulance service does not own a fixed-wing air ambulance, they supply their personnel and equipment with a helicopter rental from Majestic Air to respond in emergency situations.

i. Social Welfare Services. Butte-Silver Bow Human Services receives funding for social welfare services from state, federal, and local sources; however, the program is administered by the state. Services

- 1) Aid to families with dependent children.
- 2) General relief
- 3) Medical assistance.
- 4) Food stamps.

The Human Services office operates with a staff of 25 including the county director, 2 eligibility technician supervisors, 10 eligibility technicians, 3 eligibility investigators, 1 secretary, and 8 support staff positions. Additional personnel are needed to adequately dispense the required services (Jim Fay, pers. comm., September 26, 1988). The Human Services Division has prepared a written request to the State Legislature asking for 10 additional





staff to be hired. Other social service agencies housed in the same building as the Department of Human Services are the Department of Family Services offering protective services to children and developmentally disabled adults; the Human Resource Development Council responsible for the Fuel Assistance Program, Headstart, Diners Club for Senior Citizens, Weatherization Program, and Commodity Distribution Program; and the District Office of Vocational Rehabilitation offering special assistance services to unemployed handicapped and disabled persons.

## 2. Expected Impacts

Baseline population, income, and employment information for Butte-Silver Bow is presented in Appendix B. A brief discussion of baseline fiscal conditions for Butte-Silver Bow is presented in Appendix C of this report.

a. Expected Population Impact. The population of Butte-Silver Bow without the New Butte Mining Project is projected to experience little growth over the impact period (Table 16). The projected growth rate is about equal to expected natural increase, indicating no new expected net migration to the study area. The addition of the New Butte Mining Project to Butte-Silver Bow is projected to impact total population of the county by 0.1 percent during construction and increase to 0.4 percent during mining operations.

b. Impact Needs. The impact needs of Butte-Silver Bow government are summarized in Table 17. Although no additional capital outlays or personnel are anticipated as a result of the Project, additional support costs are expected.

Total support costs presented in Table 18 were estimated by multiplying the per capita costs developed in Chapter III (see Table 13) by





TABLE 16

BASELINE POPULATION AND GOVERNMENT EMPLOYMENT WITH PROJECTED  
IMPACTS DUE TO THE NEW BUTTE MINING PROJECT - BUTTE-SILVER BOW COUNTY

Category	Construction	Operations	
	Year 1	Year 2	Year 3
<u>Baseline (Without the New Butte Mining Project)</u>			
Population	34,000	34,500	35,500
County Government Employment			
Administration	35	35	35
Law Enforcement	42	42	42
Roads/Highways	41	41	41
Other	<u>194</u>	<u>194</u>	<u>194</u>
Total Government Employment	312	312	312
Number of Persons Per County Employee	109	111	114
<u>Projected Population Impacts</u>			
Net Migration	40	92	0
Cumulative Migration	40	132	132
Percent Population Impact	0.1%	0.4%	0.4%

Note: Year 1 was assumed to be 1989.

Sources: 1) New Butte Mining, Inc., Butte, Montana, December 1988,  
Application for an Operating Permit.  
2) New Butte Mining, Inc., unpublished data, January 1989.



TABLE 17

SUMMARY OF PROJECTED IMPACT NEEDS DUE TO  
THE NEW BUTTE MINING PROJECT - BUTTE-SILVER BOW COUNTY

Local Governmental Unit	Capital Costs	Personnel Costs	Support Costs
County Government Administration	None	None	Yes
Law Enforcement	None	None	Yes
Fire Protection	None	None	Yes
Ambulance Service	None	None	Yes
Roads and Highways	None	None	Yes
Solid Waste	None	None	Yes

Source: New Butte Mining, Inc., Butte, Montana, December 1988.



TABLE 18

PROJECTED IMPACT COSTS DUE TO  
THE NEW BUTTE MINING PROJECT - BUTTE-SILVER BOW COUNTY

Category	Construction	Operations	
	Year 1	Year 2	Year 3
<u>Personnel Costs</u>			
None	\$ 0	\$ 0	\$ 0
<u>Capital Costs</u>			
None	\$ 0	\$ 0	\$ 0
<u>Support Costs</u>			
General Fund	\$1,102	\$3,637	\$3,637
Other Funds	455	1,502	1,502
Total Support Costs	\$1,557	\$5,139	\$5,139
Total Projected Impact Costs	\$1,557	\$5,139	\$5,139

Source: New Butte Mining, Inc., Butte, Montana, December 1988.





the projected cumulative migration (see Table 16). During construction of the New Butte Mining Project, NBMI expects approximately 40 people to migrate to Butte-Silver Bow. Due to this in-migration, approximately \$1,557 in additional support costs would be required (Table 18).

During the second year of the impact period (first year of operations), NBMI expects that approximately 92 mine-related people would migrate to Butte-Silver Bow, bringing the cumulative mine-related migration to Butte-Silver Bow to 132 people. No further migration should occur following Year 2 of the impact period; therefore, the impact costs of Butte-Silver Bow should remain at the Year 2 level. The expected impact costs to Butte-Silver Bow during Year 2 is approximately \$5,139 (Table 18).

c. Impact Revenues. Expected impact revenues to Butte-Silver Bow government would be from increased taxable valuation (NBMI individual and commercial property) and expected per capita revenues such as fines, fees, and intergovernmental transfers. Total per capita revenues were estimated by multiplying expected per capita revenues developed in Chapter III (see Table 12) by the number of in-migrants (see Table 16) and adding general fund and other fund property taxes to the total (Table 19).

NBMI expects approximately \$11,057 in impact revenues to Butte-Silver Bow during construction (Table 19), primarily in the form of per capita revenue and taxable valuation on construction equipment. During the second year of the Project (first full year of operations), NBMI expects that Butte-Silver Bow would receive approximately \$66,286 in impact revenues. Most of this new revenue would be from property taxes on completed work and equipment at the mine site. By the third year of the Project, NBMI expects that



TABLE 19

PROJECTED IMPACT REVENUES DUE TO  
THE NEW BUTTE MINING PROJECT - BUTTE-SILVER BOW COUNTY

Category	Construction	Operations	
	Year 1	Year 2	Year 3
<u>Taxable Valuations (\$000)</u>			
NEMI	\$ 135	\$ 811	\$ 1,786
Individual	0	4	13
Commercial	0	2	6
Total Taxable Valuation	\$ 135	\$ 817	\$ 1,805
<u>General Fund Revenues</u>			
Property Taxes			
NEMI	\$ 4,184	\$29,345	\$ 80,556
Individual	0	125	536
Commercial	0	56	243
Per Capita-General Fund	\$ 1,939	\$ 6,398	\$ 6,398
<u>Other Funds Revenues</u>			
Property Taxes			
NEMI	\$ 4,184	\$29,345	\$ 80,556
Individual	0	167	718
Commercial	0	76	325
Total Projected Impact Revenues	\$11,057	\$66,286	\$155,380

Note: FY 1988 mill levies for general fund mills (62.02) and other fund mills (83.08) were used to compute property tax revenues. Property taxes were assumed one-half collectible in the year of valuation and one-half in the following year. Eighty percent of taxable valuation for NEMI property was assumed to be assigned to the municipality of Walkerville.

Source: New Butte Mining, Inc., Butte, Montana, December 1988.



Butte-Silver Bow government would receive \$155,380 in revenues due to the New Butte Mining Project (Table 19).

d. Net Impacts. Table 20 presents the net fiscal impact (i.e., the difference between expected revenues and costs) for Butte-Silver Bow government due to the New Butte Mining Project. NEMI expects that Butte-Silver Bow government would experience a positive cash flow through all years of the impact period. By the third year, Butte-Silver Bow government should have a positive cash flow of \$150,241 per year from the New Butte Mining Project.



TABLE 20

PROJECTED NET FISCAL IMPACT NEEDS DUE TO  
THE NEW BUTTE MINING PROJECT - BUTTE-SILVER BOW COUNTY

Category	Construction	Operations	
	Year 1	Year 2	Year 3
Projected Revenues	\$11,057	\$66,286	\$155,380
Projected Costs	<u>1,557</u>	<u>5,139</u>	<u>5,139</u>
Net Impact	\$ 9,500	\$61,147	\$150,241

Source: New Butte Mining, Inc., Butte, Montana, December 1988.





B. Municipality of Walkerville

1. Description of Existing Environment

a. Local Government Administration. The municipality of Walkerville is governed by a mayor and a 6 member city council. The mayor and the council meet on the second Wednesday of each month. Other city officials include a clerk/treasurer, a marshal, a city judge, a fire chief, a city engineer, and a street superintendent. The marshal, city engineer, and street superintendent positions are filled by 1 person.

b. Community Services. Walkerville, although a separate governmental entity from the Butte-Silver Bow Unified Government, provides few community services to Walkerville residents. Rather, Walkerville contracts with Butte-Silver Bow for the majority of all public services (e.g., police protection, municipal water and sewage treatment system) except for fire protection.

The Walkerville fire station on Daly Street in Walkerville is not part of the Butte-Silver Bow Unified Fire District. The Walkerville station was constructed in 1964. The volunteer fire department maintains 1 fire truck (Butte-Silver Bow, November 1986).

2. Expected Impacts

Baseline information on population and fiscal conditions of Walkerville is presented in Appendix B and Appendix C of this report

a. Expected Population Impact. The population of Walkerville without the New Butte Mining Project is expected to show no growth over the impact period. The major population impact from the New Butte Mining Project



should occur during the first year of operations when the population of Walkerville is expected to increase 2.3 percent (Table 21).

b. Impact Needs. The impact needs of Walkerville are summarized in Table 22. Additional support costs are expected to Walkerville government; however, no increases in capital or personnel costs are anticipated.

Total support costs for Walkerville government presented in Table 23 were estimated by multiplying the per capita support costs developed in Chapter III (see Table 13) by the projected cumulative migration (see Table 21). During construction of the New Butte Mining Project, NBMI expects approximately 3 people to migrate to Walkerville. As a result of this in-migration, support costs are expected to total \$141 (Table 23).

During the first year of mine operations, NBMI expects that approximately 13 mine-related people would migrate to Walkerville, bringing the cumulative mine-related migration to Walkerville to 16 people. Following the first year of mine operations, no further migration should occur and the impact needs of Walkerville should remain at the Year 2 level. The expected impact costs to Walkerville during Year 2 and Year 3 are approximately \$751 (Table 23).

c. Impact Revenues. Expected impact revenues to Walkerville would be from increased taxable valuation (NBMI, individual, and commercial property) and expected per capita revenues such as fines, fees, and intergovernmental transfers. Per capita revenues were estimated by multiplying expected per capita revenues developed in Chapter III (see Table 12) by the number of cumulative in-migrants and adding general fund and other fund property taxes to the total (Table 24).



TABLE 21

BASELINE POPULATION AND GOVERNMENT EMPLOYMENT WITH PROJECTED  
IMPACTS DUE TO THE NEW BUTTE MINING PROJECT -  
MUNICIPALITY OF WALKERVILLE

Category	Construction	Operations	
	Year 1	Year 2	Year 3
<u>Baseline (Without the New Butte Mining Project)</u>			
Population	700	700	700
Municipality Government Employment			
Administration	1	1	1
Law Enforcement	0	0	0
Roads/Highways	1	1	1
Other	<u>0</u>	<u>0</u>	<u>0</u>
Total Government Employment	2	2	2
Number of Persons Per City Employee	350	350	350
<u>Projected Population Impacts</u>			
Net Migration	3	13	0
Cumulative Migration	3	16	16
Percent Population Impact	0.4%	2.3%	2.3%

Note: Year 1 was assumed to be 1989.

Sources: 1) New Butte Mining, Inc., Butte, Montana, December 1988, Application for an Operating Permit.  
2) New Butte Mining, Inc., Butte, Montana, unpublished data, January 1989.





TABLE 22

SUMMARY OF PROJECTED IMPACT NEEDS DUE TO  
THE NEW BUTTE MINING PROJECT - MUNICIPALITY OF WALKERVILLE

Local Governmental Unit	Capital Costs	Personnel Costs	Support Costs
Government Administration	None	None	Yes
Fire Protection	None	None	Yes
Streets	None	None	Yes

Source: New Butte Mining, Inc., Butte, Montana, December 1988.



TABLE 23

PROJECTED IMPACT COSTS DUE TO THE NEW BUTTE MINING  
PROJECT - MUNICIPALITY OF WALKERVILLE

Category	Construction	Operations	
	Year 1	Year 2	Year 3
<u>Personnel Costs</u>			
None	\$ 0	\$ 0	\$ 0
<u>Capital Costs</u>			
None	\$ 0	\$ 0	\$ 0
<u>Support Costs</u>			
General Fund	\$141	\$751	\$751
Other Funds	<u>0</u>	<u>0</u>	<u>0</u>
Total Support Costs	\$141	\$751	\$751

Source: New Butte Mining, Inc., Butte, Montana, December 1988.



TABLE 24

PROJECTED IMPACT REVENUES DUE TO THE NEW BUTTE MINING  
PROJECT - MUNICIPALITY OF WALKERVILLE

Category	Construction	Operations	
	Year 1	Year 2	Year 3
<u>Taxable Valuations (\$000)</u>			
NBMT	\$ 27	\$ 342	\$ 1,317
Individual	0	0	2
Commercial	0	0	1
Total Taxable Valuation	\$ 27	\$ 342	\$ 1,320
<u>General Fund Revenues</u>			
Property Taxes			
NBMT	\$621	\$8,493	\$38,170
Individual	0	7	44
Commercial	0	3	20
Per Capita-General Fund	\$132	\$ 705	\$ 705
<u>Other Funds Revenues</u>			
Property Taxes			
NBMT	\$ 54	\$ 739	\$ 3,319
Individual	0	1	4
Commercial	0	0	2
Total Projected Impact Revenues	\$807	\$9,948	\$42,264

Note: FY 1988 mill levies for general fund mills (46.0) and other fund mills (4.0) were used to compute property tax revenues. Property tax revenues were assumed one-half collectible in the year of valuation and one-half in the following year. Eighty percent of taxable valuation for NBMT property was assumed to be assigned to the municipality of Walkerville.

Source: New Butte Mining, Inc., Butte, Montana, December 1988.



During construction, NBMI expects approximately \$807 in impact revenues to the municipality of Walkerville (Table 24). Most of this revenue would be from property taxes on NBMI property.

Impact revenues are expected to increase to \$9,948 during the second year of the Project, and by the third year, impact revenues should increase significantly due to taxation of gross proceeds. By the end of the third year, Walkerville government should receive approximately \$42,264 annually in impact revenues as a result of the New Butte Mining Project.

d. Net Impacts. Table 25 presents the net fiscal impact (i.e., the difference between expected revenues and costs) for Walkerville government due to the New Butte Mining Project. NBMI expects that the Walkerville government would experience positive cash flow throughout the impact period. By the third year, Walkerville government should have a positive cash flow of over \$41,500 per year from the New Butte Mining Project.





TABLE 25

PROJECTED NET FISCAL IMPACT NEEDS DUE TO  
THE NEW BUTTE MINING PROJECT - MUNICIPALITY OF WALKERVILLE

Category	Construction	Operations	
	Year 1	Year 2	Year 3
Projected Revenues	\$807	\$9,948	\$42,264
Projected Costs	<u>141</u>	<u>751</u>	<u>751</u>
Net Impact	\$666	\$9,197	\$41,513

Source: New Butte Mining, Inc., Butte, Montana, December 1988.



D. Elementary School District #1 (Butte)

1. Description of Existing Conditions

Eight elementary schools, 1 junior high school, and 1 high school comprise Butte School District #1. In addition to the 10 classroom school buildings, Butte School District maintains an administration building, an alternative learning facility, 2 warehouses, 3 leased buildings, and 2 vacant buildings. The vacant buildings were formerly used as classrooms.

Prior to 1987, the school district operated 2 junior high schools-- West and East junior high schools. In the 1987-88 school year, West Junior High School was renovated and now accommodates kindergarten through grade 6. The elementary schools in Butte School District #1 are Emerson, Greeley, Hillcrest, Kennedy, Longfellow, Margaret Lee, and Whittier. All of the elementary schools provide education for children in grades K-6. East Middle School serves grades 7 and 8. Butte Elementary School District #1 employed 422.5 full-time equivalents in 1988-89 (200.5 classroom teachers, 28 teacher's aides, 35 special education teachers, 34 administrative workers, 52 custodians, and 73 other employees).

Table 26 presents actual school enrollment for school years 1980-81 through 1988-89 and projected enrollment through 1993-94. During the 9-year period (1980-88), school enrollment in the elementary schools declined 21 percent from 3,859 in 1980-81 to current enrollment of 3,049. Similar to elementary school enrollment, number of students at East Middle School also decreased since 1980. In grades 7 and 8, enrollment declined 22 percent between school year 1980-81 (945 students) and 1987-88 (740 students), but



TABLE 26

ACTUAL AND PROJECTED SCHOOL ENROLLMENT,  
BUTTE SCHOOL DISTRICT #1

School Year	Grades K-6	Grades 7 and 8	Total K-8	Grades 9-12	Total All Grades
<u>Actual Enrollment</u>					
1980-81	3,859	945	4,804	2,160	6,964
1981-82	3,652	933	4,585	2,103	6,688
1982-83	3,507	915	4,422	1,953	6,375
1983-84	3,358	919	4,277	1,892	6,169
1984-85	3,317	898	4,215	1,868	6,083
1985-86	3,324	823	4,147	1,822	5,969
1986-87	3,158	753	3,911	1,777	5,688
1987-88	3,119	740	3,859	1,678	5,537
1988-89	3,049	751	3,800	1,583	5,383
<u>Projected Enrollment</u>					
1989-90	2,960	759	3,719	1,546	5,265
1990-91	2,891	769	3,660	1,496	5,156
1991-92	2,831	721	3,552	1,498	5,050
1992-93	2,713	715	3,428	1,510	4,938
1993-94	2,635	715	3,350	1,468	4,818

- Sources:
- 1) Montana Office of Public Instruction, Helena, Montana (Years 1980-81 through 1987-88).
  - 2) Peter Carparelli, Superintendent, Butte School District #1, pers. comm., September 27, 1988 (Year 1988-89).
  - 3) Economic Consultants Northwest, Helena, Montana (Years 1989-90 through 1993-94).





increased slightly to 751 students in 1988-89 (Peter Carparelli, pers. comm., September 27, 1988).

School enrollment without the New Butte Mining Project was projected through 1993-94 using a grade retention model based on past migration, survival, and birth rates. The downward trend in enrollment for kindergarten through grade 8 is expected to continue through the projection period (Table 26). By 1993-94 school year, total enrollment for Butte Elementary School District #1 (kindergarten through grade 8) is projected to be 3,350 students, an 11.8 percent decrease from current enrollment of 3,800 (Table 26).

Current Montana recommendations for student/teacher ratios are 24 students/teacher for kindergarten, 26 students/teacher for grades 1 and 2, 28 students/teacher for grades 3 and 4, and 30 students/teacher for grades 5 through 8. This averages to approximately 28 students per teacher for grades kindergarten through 8. Based on 1988-89 school enrollment of 3,800, Butte Elementary School had 19 students per classroom teacher.

School bus transportation is provided by Butte School District #1. The school operates 28 school buses in passenger capacity sizes of 66, 72, and 78. Model years of the buses range from 1976 to 1988. The school has a scheduled bus replacement program, with the latest purchase being 5 buses in 1988. Thirty bus drivers are employed to serve the 24 bus routes (Cliff Steele, pers. comm., September 27, 1988).

## 2. Expected Impacts

Baseline information on the fiscal conditions of Butte-Silver Bow Elementary School District #1 is presented in Appendix C of this report.



a. Expected Enrollment Impact. Seven mine-related students are expected to enroll at Butte-Silver Bow Elementary School District during the first year of the Project (Table 27). Sixteen additional students are projected to enroll during Year 2 of the Project at Butte Elementary School, bringing the cumulative mine-related enrollment to 23 students. The 23 mine-related students during operations represent an approximate 0.7 percent impact on the total elementary enrollment.

b. Impact Needs. A summary of impact needs of Butte-Silver Bow Elementary School District are presented in Table 28. No capital outlays due to the Project are anticipated during the impact period; however, additional support costs and personnel due to the increase in mine-related enrollment are expected (Table 28).

Support costs were estimated by multiplying the per ANB support costs developed in Chapter III (see Table 15) by the cumulative mine-related enrollment increase (see Table 27). During the first year (construction phase), the 7 mine-related students are expected to increase support costs to the school by \$2,027 (Table 29).

During the second year of the impact period (i.e., first full year of operations), NEMI expects that the cumulative mine-related enrollment at Butte-Silver Bow Elementary School District would be 23 students. Due to this increased enrollment, the expected impact costs during the first year of operations (Year 2 of the impact period) should total approximately \$38,661, including \$32,000 for an additional teacher (Table 29). Because no new mine-related migration into the school district is expected after the mine operation begins, impact costs should remain at the Year 2 level.



TABLE 27

BASELINE ENROLLMENT AND SCHOOL EMPLOYMENT  
WITH PROJECTED IMPACTS DUE TO THE NEW BUTTE MINING PROJECT -  
BUTTE ELEMENTARY SCHOOL DISTRICT #1

Category	Construction	Operations	
	Year 1	Year 2	Year 3
<u>Baseline (Without the New Butte Mining Project)</u>			
Enrollment	3,719	3,660	3,552
School Employment			
Administration	34.0	34.0	34.0
Teachers	200.5	200.5	200.5
Teacher Aides	28.0	28.0	28.0
Special Education	35.0	35.0	35.0
Custodial	52.0	52.0	52.0
Other	<u>73.0</u>	<u>73.0</u>	<u>73.0</u>
Total School Employment	422.5	422.5	422.5
Enrollment per School Employee	10	10	10
<u>Projected Enrollment Impacts</u>			
Net K-8 Migration	7	16	0
Cumulative K-8 Migration	7	23	23
Percent Enrollment Impact	0.2%	0.6%	0.7%

Note: Year 1 was assumed to be school year 1989-90.

Sources: 1) New Butte Mining, Inc., Butte, Montana, December 1988, Application for an Operating Permit.  
2) New Butte Mining, Inc., Butte, Montana, 1988, unpublished data, January 1989.  
3) Butte-Silver Bow School District #1, February 1989.



TABLE 28

SUMMARY OF PROJECTED IMPACT NEEDS  
DUE TO THE NEW BUTTE MINING PROJECT -  
BUTTE ELEMENTARY SCHOOL DISTRICT #1

	Capital	Personnel	Support
General Fund	None	Year 2 and on: 1 FTE Teacher	Yes
Transportation	None	None	Yes
Retirement	None	None	Yes
Debt Service	None	None	Yes
Other	None	None	Yes

Source: New Butte Mining, Inc., Butte, Montana, December 1988.





TABLE 29

PROJECTED IMPACT COSTS  
DUE TO THE NEW BUTTE MINING PROJECT -  
BUTTE ELEMENTARY SCHOOL DISTRICT #1

	<u>Construction</u>	<u>Operations</u>	
<u>Personnel Costs</u>			
Number of Personnel (FTE)			
Teachers	0	1	1
Salaries			
Teachers	\$ 0	\$32,000	\$32,000
<u>Capital Costs</u>			
None	\$ 0	\$ 0	\$ 0
<u>Support Costs</u>			
General Fund	\$1,429	\$ 4,695	\$ 4,695
Other Funds	598	1,966	1,966
Total Support Costs	\$2,027	\$ 6,661	\$ 6,661
Total Projected Impact Costs	\$2,027	\$38,661	\$38,661

Source: New Butte Mining, Inc., Butte, Montana, December 1988.



c. Impact Revenues. Expected impact revenues to Butte-Silver Bow Elementary School District would be from increased taxable valuation (NBMI, individual, and commercial property) and expected per ANB revenues from fees, intergovernmental transfers, and the school foundation program. Foundation program revenues were estimated by multiplying per ANB foundation revenues (see Table 27). Foundation program revenues resulting from increased school enrollment are not received by the school district until the following year. This 1 year lag in revenues is reflected in Table 30. Per ANB revenues in Table 30 were calculated by multiplying other revenues per ANB developed in Chapter III (see Table 14) by cumulative mine-related enrollment (see Table 27). Total projected impact revenues in Table 30 reflect the total of revenues from general and other fund property taxes, foundation program, and per ANB revenues.

NBMI expects approximately \$11,518 in impact revenues to Butte-Silver Bow Elementary School District during construction of the New Butte Mining Project, primarily from per ANB revenues (Table 30). Revenues during the second year (i.e., first full year of operations) should total over \$85,000 when the valuation from the completed project is listed on the tax rolls. During the third year, impact revenues should exceed \$228,000 due to including gross proceeds in the taxable valuation.

d. Net Impacts. Table 31 presents the net fiscal impact (i.e., the difference between the projected revenues and costs) for Butte-Silver Bow Elementary School District due to the New Butte Mining Project. NBMI expects no net deficit cash flow throughout the impact period. Butte-Silver Bow

1. The first part of the document discusses the importance of maintaining accurate records of all transactions and activities. It emphasizes the need for transparency and accountability in financial reporting.

2. The second part of the document outlines the various methods and techniques used to collect and analyze data. It includes a detailed description of the experimental procedures and the statistical analysis performed.

3. The third part of the document presents the results of the study. It includes a series of tables and graphs that illustrate the findings of the research. The data shows a clear trend in the relationship between the variables studied.

4. The fourth part of the document discusses the implications of the findings. It highlights the potential applications of the research in various fields and the need for further investigation in this area.

5. The final part of the document provides a conclusion and a summary of the key points discussed throughout the report.

TABLE 30

PROJECTED IMPACT REVENUES  
DUE TO THE NEW BUTTE MINING PROJECT -  
BUTTE ELEMENTARY SCHOOL DISTRICT #1

Category	Construction	Operations	
	Year 1	Year 2	Year 3
<u>Taxable Valuations (\$000)</u>			
NEMI	\$ 135	\$ 811	\$ 1,786
Individual	0	1	2
Commercial	0	0	1
Total Taxable Valuation	\$ 135	\$ 812	\$ 1,789
<u>General Fund Revenues</u>			
Property Taxes			
NEMI	\$ 8,355	\$58,591	\$160,839
Individual	0	44	187
Commercial	0	20	85
School Foundation Program	0	12,396	40,729
Per ANB-Revenues	\$ 2,132	\$ 7,006	\$ 7,006
<u>Other Funds Revenues</u>			
Property Taxes			
NEMI	\$ 1,031	\$ 7,230	\$ 19,847
Individual	0	5	23
Commercial	0	2	10
Total Projected Impact Revenues	\$11,518	\$85,294	\$228,726

Note: FY 1988 mill levies for general fund mills (123.83) and other fund mills (15.25) were used to compute property tax revenues. Property tax revenues were assumed one-half collectible in the year of valuation and one-half in the following year.

Source: New Butte Mining, Inc., Butte, Montana, December 1988.





TABLE 31

PROJECTED NET FISCAL IMPACT NEEDS  
DUE TO THE NEW BUTTE MINING PROJECT -  
BUTTE ELEMENTARY SCHOOL DISTRICT #1

Category	Construction	Operation	
	Year 1	Year 2	Year 3
Projected Revenues	\$11,518	\$85,294	\$228,726
Projected Costs	<u>2,027</u>	<u>38,661</u>	<u>38,661</u>
Net Impact	\$ 9,491	\$46,633	\$190,065

Source: New Butte Mining, Inc., Butte, Montana, December 1988.



Elementary School District should experience a positive cash flow of over \$190,000 due to the New Butte Mining Project by Year 3.

Elementary School District should experience a positive cash flow of over \$150,000 due to the New State Mining Project by year 1.

E. High School District #1 (Butte)

1. Description of Existing Conditions

Butte High School District #1 consists of 1 high school and provides education to students in grades 9 through 12. In school year 1988-89, Butte High School employed 127.5 full-time equivalents including 122.5 classroom teachers, 3 teacher's aides, 11 special education teachers, 23 administrative workers, 20 custodians, and 8 other employees.

Actual and projected school enrollments for Butte School District #1 are presented in Table 26. Similar to the elementary and middle schools, enrollment at the high school has declined significantly from school year 1980-81. In 1980-81, there were 2,160 students enrolled at Butte High, while in 1988-89, there were 1,583 students, a decrease of 26.7 percent over the 9-year period. Enrollment without the New Butte Mining Project is projected to continue this downward trend, reaching a low of 1,468 high school students by 1993-94, or a 10.5 percent decrease from current enrollment (Table 26).

The recommended Montana standard for the maximum number of students per classroom teacher in grades 9 through 12 is 30 students per teacher. Using the 1988-89 enrollment of 1,583, the student teacher ratio for Butte High School was 14.1 students per classroom teacher.

2. Expected Impacts

Baseline information on the fiscal conditions of Butte-Silver Bow High School District #1 is presented in Appendix C of this report.

a. Expected Enrollment Impact. Three mine-related students are expected to enroll at Butte-Silver Bow High School during construction of the New Butte Mining Project (Table 32). Five additional mine-related students



TABLE 32

BASELINE ENROLLMENT AND SCHOOL EMPLOYMENT  
WITH PROJECTED IMPACTS DUE TO THE NEW BUTTE MINING PROJECT -  
BUTTE HIGH SCHOOL DISTRICT #1

	<u>Construction</u>	<u>Operations</u>	
<u>Baseline (Without the New Butte Mining Project)</u>			
Enrollment	1,546	1,496	1,498
School Employment			
Administration	23.0	23.0	23.0
Teachers	112.5	112.5	112.5
Teacher Aides	3.0	3.0	3.0
Special Education	11.0	11.0	11.0
Custodial	20.0	20.0	20.0
Other	8.0	8.0	8.0
Total School Employment	177.5	177.5	177.5
Enrollment per School Employee	9	9	9
<u>Projected Enrollment Impacts</u>			
Net 9-12 Migration	3	5	0
Cumulative 9-12 Migration	3	8	8
Percent Enrollment Impact	0.2%	0.5%	0.5%

Note: Year 1 was assumed to be school year 1989-90.

Sources: 1) New Butte Mining, Inc., Butte, Montana, December 1988, Application for an Operating Permit.  
2) New Butte Mining, Inc., Butte, Montana, 1988, unpublished data, January 1989.  
3) Butte-Silver Bow School District #1, February 1989.





are expected to enroll at the high school during Year 2 (first year of operations) of the Project. At the end of Year 3, it is anticipated that 8 mine-related students would be enrolled at Butte-Silver Bow High School.

b. Impact Needs. A summary of the impact needs due to increased mine-related enrollment are presented in Table 33 for Butte-Silver Bow High School. The increase in support costs due to the increase in mine-related enrollment is shown in Table 34. The increase in support costs is due to the increase in the number of students during the impact period due to the New Butte Mining Project; however, additional support costs due to the increase in mine-related enrollment are anticipated.

Support costs as presented in Table 34 were estimated by multiplying the per ANB support costs developed in Chapter III (see Table 15) by the cumulative mine-related enrollment increase (see Table 32). During the construction phase of the Project, the 3 mine-related students enrolled at Butte-Silver Bow High School are not expected to warrant the hiring of additional staff if the students are evenly distributed throughout grades 9 through 12. Support costs for the 3 mine-related students would amount to \$855 during Year 1 of the impact period.

During the second year of the impact period (i.e., first year of operations), NEMI expects approximately 5 mine-related students would migrate into the school district, bringing cumulative mine-related enrollment at Butte-Silver Bow High School to 8 students. The expected impact costs during the second year should total approximately \$2,280 (Table 34). Following the second year, no further migration is anticipated and expected costs should remain at the Year 2 level (Table 34).



TABLE 33

SUMMARY OF PROJECTED IMPACT NEEDS  
DUE TO THE NEW BUTTE MINING PROJECT -  
BUTTE HIGH SCHOOL DISTRICT #1

Category	Capital Costs	Personnel Costs	Support Costs
General Fund	None	None	Yes
Transportation	None	None	Yes
Retirement	None	None	Yes
Debt Service	None	None	Yes
Other	None	None	Yes



TABLE 34  
PROJECTED IMPACT COSTS  
DUE TO THE NEW BUTTE MINING PROJECT -  
BUTTE HIGH SCHOOL DISTRICT #1

Category	Construction	Operations	
	Year 1	Year 2	Year 3
<u>Personnel Costs</u>			
None	\$ 0	\$ 0	\$ 0
<u>Capital Costs</u>			
None	\$ 0	\$ 0	\$ 0
<u>Support Costs</u>			
General Fund	\$642	\$1,711	\$1,711
Other Funds	<u>213</u>	<u>569</u>	<u>569</u>
Total Support Costs	\$855	\$2,280	\$2,280
Total Projected Impact Costs	\$855	\$2,280	\$2,280

Source: New Butte Mining, Inc., Butte, Montana, December 1988.





c. Impact Revenues. Expected impact revenues to Butte-Silver Bow High School District would be from increased taxable valuation (NEMI, individual and commercial property) and expected per ANB revenues from fees, intergovernmental transfers, and the school foundation program. Foundation program revenues were estimated by multiplying per ANB foundation revenues developed in Chapter III (see Table 14) by cumulative mine-related enrollment (see Table 32). Foundation program revenues resulting from enrollment are not received by the school district until the following year. This 1 year lag in revenues is reflected in Table 35. Per ANB revenues in Table 35 were calculated by multiplying other revenues per ANB developed in Chapter III (see Table 14) by cumulative mine-related enrollment (see Table 32). Total projected impact revenues in Table 35 reflect the total of revenues from general and other fund property taxes, foundation program, and per ANB revenues.

During the first year of the Project, NEMI expects approximately \$5,161 in impact revenues to Butte-Silver Bow High School due to the New Butte Mining Project, primarily from NEMI property taxation (Table 35). Total impact revenues for Butte-Silver Bow High School would be approximately \$40,862 during the second year of the Project. The majority of this impact revenue would come from property valuation on the New Butte Mining Project and from the school foundation program.

During the third year of the Project, impact revenues should total \$109,457. Approximately \$90,246 of this total would come from taxable valuation on NEMI property and \$17,894 would come from the school foundation program.



TABLE 35

PROJECTED IMPACT REVENUES  
DUE TO THE NEW BUTTE MINING PROJECT -  
BUTTE HIGH SCHOOL DISTRICT #1

Category	Construction	Operations	
	Year 1	Year 2	Year 3
<u>Taxable Valuations (\$000)</u>			
NBMT	\$ 135	\$ 811	\$ 1,786
Individual	0	0	1
Commercial	0	0	0
Total Taxable Valuations	\$ 135	\$ 811	\$ 1,787
<u>General Fund Revenues</u>			
Property Taxes			
NBMT	\$4,065	\$28,508	\$ 78,257
Individual	0	0	33
Commercial	0	4	15
School Foundation Program	0	6,710	17,834
Per ANB-Revenues	\$ 472	\$ 1,262	\$ 1,262
<u>Other Fund Revenues</u>			
Property Taxes			
NBMT	\$ 623	\$ 4,367	\$ 11,989
Individual	0	1	5
Commercial	0	1	2
Total Projected Impact Revenues	\$5,161	\$40,862	\$109,457

Note: FY 1988 mill levies for general fund mills (60.25) and other fund mills (9.23) were used to compute property tax revenues. Property tax revenues were assumed one-half collectible in the year of valuation and one-half in the following year.

Source: New Butte Mining, Inc., Butte, Montana, December 1988.



d. Net Impacts. Table 36 presents the net fiscal impact (i.e., the difference between the expected revenues and costs) for Butte-Silver Bow High School District due to the New Butte Mining Project. NBMI expects net positive cash flow through all years of the impact period. By the third year of the Project, Butte-Silver Bow High School should experience a positive cash flow of over \$107,000 per year.



TABLE 36

PROJECTED NET FISCAL IMPACT NEEDS  
DUE TO THE NEW BUTTE MINING PROJECT -  
BUTTE HIGH SCHOOL DISTRICT #1

<u>Category</u>	<u>Construction</u>	<u>Operations</u>	
	Year 1	Year 2	Year 3
Projected Revenues	\$5,161	\$40,862	\$109,457
Projected Costs	<u>855</u>	<u>2,280</u>	<u>2,280</u>
Net Impact	\$4,306	\$38,582	\$107,177

Source: New Butte Mining, Inc., Butte, Montana, December 1988.





## V. IMPACT MITIGATION PLAN

This chapter is divided into 2 sections--Proposed Plan of Action - Project Site, and Proposed Plan of Action - Affected Local Governmental Units. The Plan of Action at the NBMI Project site describes the services and treatment, emergency, that NBMI will provide at the Project location. The Proposed Plan of Action for Affected Local Governmental Units presents a resolution of expected fiscal impacts.

Because of the location of the mine (within the city limits of Walkerville), there would be no need to invoke the Tax Base Sharing Act. NBMI estimates that 20 percent of the property taxable valuation and all gross proceeds of the Project would be located within the municipality boundaries of Walkerville. Thus, Walkerville would apply all of its mill levies to most of the taxable valuation of the Project. Butte-Silver Bow would apply all of its mill levies to the total taxable valuation of the Project less the millage applied by Walkerville. In addition, both the elementary and the high school districts would apply their respective mill levies to the total Project taxable valuation.

NBMI proposes that a committee be established to monitor future concerns of the community related to the New Butte Mining Project. This committee would consist of members from the local governmental units (Butte-Silver Bow, School District #1, and Walkerville) and a representative from NBMI. The monitoring committee would periodically review the impact plan projections and make recommendations to the company related to the concerns of the community.



A. Proposed Plan of Action - Project Site

1. Security

NBMI will post "no trespassing" signs at the Project site warning trespassers about the potential hazards of the mining and processing operation. Locked gates will be installed on the road entering the Project area with entry to the mine monitored by NBMI security personnel 24 hours a day, 7 days a week. All persons desiring to enter mine property who are not NBMI employees will be required to check with security personnel prior to and after completion of their business.

2. Fire Protection

NBMI will comply with all local and state fire regulations as well as accepted and proven industry fire protection practices. Both surface facilities and underground mine sites will be equipped with a fire protection system. In accordance with safety and health regulations, fire extinguishers will be located on all mobile equipment and near all structures.

NBMI will include fire prevention and firefighting measures in overall planning and training of personnel. Fire protection apparatus will be maintained on site and there will be an adequate source of water for firefighting purposes.

3. Water Supply

NBMI will obtain water at the mine site from the Butte Water Company of Butte-Silver Bow.

4. Wastewater Treatment

NBMI will utilize the Metro Sewer District for all on-site wastewater disposal.



5. Solid Waste

NEMI individually contracts with a private service provider for solid waste pickup and disposal services. Solid waste will be deposited at the Butte-Silver Bow landfill site.

6. Emergency and First Aid Care

NEMI maintains several first aid stations throughout the Project site. Personnel trained under standards of the Mine Safety Health Administration (MSHA) will be on staff during all shifts to respond to any mine-related emergency situation. A mine safety consultant has also been contracted to provide services for and training in mine rescue and firefighting.

7. Dust Abatement

NEMI is committed to initiating a dust suppression program at the mine site and the haul routes to the mill. A function of the monitoring committee would be to check on any problems expressed by the community concerning dust abatement.

8. Blasting

NEMI has a surface seismographic monitoring program to test noise and vibration levels of underground blasting. Future community concerns related to blasting will be addressed by the monitoring committee.

9. Transportation

All employees at the mine will be transported to the mine site by bus from the rehabilitated changing facilities at the Kelley Mine. NEMI will ensure that all mine-related traffic will not interfere with school bus





schedules. Future community concerns related to transportation will be addressed by the monitoring committee.

B. Proposed Plan of Action - Affected Local Governmental Units

No deficit fiscal impacts to any of the local governmental units are expected; therefore, NEMI does not propose any tax prepayments in accordance with the provisions of the Hard-Rock Mining Impact Act (90-6-309 MCA). Because most of the expected fiscal impacts were based on assumptions which are difficult to predict, NEMI will monitor the fiscal needs of the local governmental units throughout the impact period (construction phase and first 2 years of operations). If irregularities or objections rise during the impact period, NEMI will cooperate to the fullest degree to correct the concerns of the local governmental units. NEMI would cooperate with local governments to amend the impact plan if future fiscal impacts occurred that





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## INFORMATION SOURCES

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APPENDIX A  
HARD-ROCK MINING IMPACT ACT



OVERVIEW OF HARD-ROCK MINING IMPACT ACT  
AND THE PROPERTY TAX BASE SHARING ACT

I. THE PURPOSES OF THE IMPACT ACT AND THE ROLE OF THE BOARD

The Hard-Rock Mining Impact Act establishes two separate programs to help mitigate adverse local impacts resulting from the opening or closing of large hard-rock mines in Montana:

- (1) The impact plan program to mitigate fiscal impacts to local government units resulting from the development of new large-scale mines; and
- (2) The trust account grant-loan program to help mitigate the fiscal and economic impacts of mine workforce reduction or closure.

The Hard-Rock Mining Impact Board is a five-member quasi-judicial board, appointed by the Governor. The Board is responsible for administering the Impact Act. It also resolves disputes concerning the content of impact plans.

**THE IMPACT PLAN PROGRAM.** The impact plan program became law on May 18, 1981. All hard-rock mineral developers who apply for an operating permit on or after that date are required to prepare an impact plan, if they are or become "large-scale." As defined by the Act, a "large-scale mineral development" is one that employs 75 or more persons in any consecutive 6-month period in the construction or operation of the mine and associated mill. If a development becomes "large-scale" after the permit is issued, the permittee may apply to the Board for a waiver or conditional waiver of the impact plan requirement.

- development will be provided when and where they are needed, and
- (b) existing local taxpayers will not be burdened with increased local government costs resulting from the development.

**THE GRANT-LOAN PROGRAM.** The Impact Act creates a separate program to help mitigate the impacts of major workforce reductions or mine closures. The Act establishes a Hard-Rock Mining Impact Trust Account funded through a set-aside of 33 percent of the State's metal mines license tax revenue, beginning with production year 1985. Within the trust account, money is allocated into separate county sub-accounts -- one for each county in which a hard-rock mine is located. Each allocation reflects the percentage of license tax paid by the mine or mines in that county.

After determining that a hard-rock mine has ceased operations or has experienced a 50 percent or greater reduction in workforce, the Board designates the potentially affected local government units. The designated local governments may apply to the Board for grants and loans from the appropriate subaccount. Up to 50 percent of the funds in a subaccount may be used to forestall excessive mill levies or to retire preexisting local government debt. At least 50 percent of the funds granted or loaned by the Board must be used to expand the employment base of the impact area, to develop and diversify the economic base, and to attract new industry.





## II. PREPARATION OF AN IMPACT PLAN

The Act requires the mineral developer to prepare an impact plan which identifies all increased capital, operating, and net operating costs to local government units that will result from the proposed mineral development. The developer must commit to pay all increased capital and net operating costs to local government units, as identified in the plan. Payment may be made in the form of taxes, prepaid taxes, grants, education impact bonds or other financing mechanisms that do not shift increased costs to the local taxpayer.

Local governments cooperate in the preparation of the impact plan, helping to assure that it contains accurate data, reasonable assumptions, and adequate provisions for the mitigation of impacts. Affected local government units may require the developer to provide financial or other assistance to help local governments prepare for and evaluate the impact plan. Any such financial assistance is treated as a tax prepayment by the developer.

## III. REVIEW OF AN IMPACT PLAN

When the plan is complete, the developer submits it to the Board and to affected local government units for their review during a formal 90-day review period. During the review period, the governing body of the county must hold a public hearing on the proposed plan.

Local governments review the proposed plan from five major perspectives:

- (a) Is the plan based on accurate data and reasonable assumptions?
- (b) Does the plan adequately identify all increased service and facility needs and costs likely to result from the mineral development?
- (c) Has the developer committed to pay all increased capital and net operating costs in a timely manner and in a way that ensures these costs will not be shifted to other local taxpayers?
- (d) Does the plan contain such provisions as may be needed for its implementation and amendment?
- (e) Does the plan comply with all statutory and regulatory requirements of the Hard-Rock Mining Impact Act and the Property Tax Base Sharing Act?

During the formal review period, if the governing body of a local government unit disagrees with something in a proposed plan, or if it finds that something has been omitted from the plan, (a) the governing body and mineral developer may negotiate a mutually acceptable modification to the plan, or (b) the governing body may file a formal objection with the Hard-Rock Mining Impact Board.

If a formal objection is filed and the local governing body and developer cannot resolve their differences within 30 days after the end of the review period, the Hard-Rock Mining Impact Board holds a public hearing on the disputed issues and adjudicates the dispute.

Only the governing body of an affected local government unit may file an objection to a plan or may enter into an agreement with the developer to change a plan after it has been submitted for review. Other local government officials and citizens participate in the review process through the governing body of the affected unit of local government. As defined in the Act, "local government units" include counties, incorporated towns and cities, elementary and high school districts, rural fire districts, public hospital districts, refuse disposal districts, and county water and/or sewer districts.



If no objections are filed during the formal review period or if all objections are resolved during the negotiation period, the plan is approved automatically. If objections are not resolved by the affected parties during the negotiation period, the Board will hold a public hearing in the most affected county and will adjudicate the disputed issues. After amending the plan as necessary to resolve the disputes, the Board will approve the plan.

#### IV. AMENDMENT OF AN APPROVED IMPACT PLAN

The developer and the governing body of the county may amend an approved impact plan at any time by filing a joint petition with the Board. In addition, either the developer or the governing body of the county, on behalf of any affected local government unit, may unilaterally file a petition to amend an approved plan, provided that (a) the petition is filed within two years of when the mine goes into commercial production and the plan is materially inaccurate because of errors in assessing the number of employment at the mine is forecast to increase or decrease by at least 75 persons over or under the number projected in the plan, or (c) pursuant to the plan itself, circumstances occur which trigger the amendment process.

A petition must include a statement of the facts and circumstances underlying the need for the amendment and a description of the proposed corrective measures. A proposed amendment is subject to a 60-day review period during which any party to the plan may file its objections with the Board.

#### V. ENFORCEMENT OF THE DEVELOPER'S COMMITMENTS IN AN IMPACT PLAN

The mineral developer's compliance with its commitments in an approved impact plan is a condition of the operating permit issued to the developer by the Department of State Lands. If the developer fails to comply with the

the Impact and Tax Base Sharing Acts, the Department must suspend the operating permit until such time as the developer meets its obligations under the plan and complies with the Acts.

#### VI. THE HARD-ROCK MINING PROPERTY TAX BASE SHARING ACT

Tax base sharing is required when an impact plan predicts that increased costs resulting from the development will exceed increased revenues in local government units where the mine is not located.

Every mine is located in at least one county, one high school district and one elementary school district. Without tax base sharing, each of these taxing jurisdictions applies its mill levy to 100% of the taxable valuation of the mine. With tax base sharing, each applies its mill levy to the valuation that existed before the operating permit was issued and to its allocated share of the subsequent increase in valuation.

Tax base sharing affects only the increase in taxable valuation of the mineral development which occurs after the operating permit is issued. Tax base sharing means that the increase in valuation will be allocated among all affected counties, municipalities and school districts, as identified in the plan and as defined by the Tax Base Sharing Act.

The allocation of taxable valuation is based on the number and place of residence of all mineral development employees and their school-age children.





Mineral development employees include all persons, both local and immigrant, who are employed by the developer, its contractors and subcontractors, in the construction or operation of the mine and its associated milling facility.

Tax base sharing does not affect the total taxable valuation of the mineral development but may affect the amount of tax paid because of differences among the mill levies of the affected local government units.

## VII. SOCIAL AND ECONOMIC IMPACTS AND THE HARD-ROCK MINING IMPACT ACT

The Hard-Rock Mining Impact Act and the Property Tax Base Sharing Act do not attempt to mitigate the full array of social and economic impacts resulting from the opening of a new large-scale hard-rock mine. They deal only with impacts to local government units. The purpose of the Acts is to enable local governments to provide the governmental services and facilities needed as a result of the new development and to ensure that the local taxpayer will not have to pay increased capital and net operating costs resulting from the development.

However, a broad range of social and economic impacts must be assessed in order to identify the need for local government services and facilities. For example, the plan must project not only the number of immigrating employees but also where they and their families will live, in order to identify both the governmental services and facilities they will need and the local governments that will provide the services. To project where people might live, the impact plan must identify the housing needs that will result from the mineral development and where and how these needs can be met. Both the developer and local governments can influence the location of new housing.

The developer may choose to help mitigate nongovernmental impacts, such as housing, to help meet the needs of its employees, to minimize increased demands on local government services and facilities, or to reduce other social and economic impacts. Such decisions affect the impact plan.

If an environmental impact statement (EIS) is prepared by the Department of State Lands for a proposed new mine, the EIS must assess a broad range of potential social and economic impacts. Its data and projections are to be made available to local government units to help them with the preparation and review of an impact plan. The EIS may recommend specific measures for mitigating adverse social and economic impacts. In addition, based on a recent court decision, if the EIS identifies a social or economic impact which might be mitigated by the developer, the Department may impose conditions on the operating permit that require the developer to undertake specific impact mitigation measures, although this is not typically done.

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The Impact Act and Tax Base Sharing Act are found in Sections 90-6-301 through 90-6-405, MCA. Questions about the Acts may be directed to the Hard-Rock Mining Impact Board, Department of Commerce, Capitol Station, Helena, Montana 59620; phone (406) 444-3779.

1/6/88



## HARD-ROCK MINING IMPACT ACT: STATEMENT OF ROLES AND RESPONSIBILITIES

The **developer** (a) prepares the impact plan in cooperation with the affected local government units and attempts to negotiate resolution of disputes; (b) guarantees compliance with its commitments in the approved plan and provides a financial guarantee as required; (c) pays all increased capital and net operating cost for local government services and facilities needed as a result of the mineral development, as identified in the plan; and (d) provides such information as may be required by statute or rule or by the plan itself.

Affected local government units assist with the preparation of the impact plan, review the submitted document and negotiate modifications or file formal objections, as appropriate. Local government units provide the additional services and facilities for which the developer makes impact payments and provide tax credits for prepaid taxes, pursuant to the impact plan.

Both the **developer** and the **local government units** are bound by statutory and regulatory requirements concerning (a) the submission and review of an impact plan, (b) changing the plan after it has been submitted for review and (c) implementing and amending the approved plan. During the impact plan process, the most affected county performs a number of "lead agency" functions on behalf of all affected local government units.

Persons who may be affected by an impact plan are entitled to participate in its preparation and review, through their interaction with the governing body of an affected local government unit. In addition, the Impact Act requires the governing body of the affected county to hold a public hearing on the proposed impact plan during the formal 90-day review period.

The **Hard-Rock Mining Impact Board** is a quasi-judicial board responsible for administering the Impact Act. The Board (a) clarifies the processes and procedures by which the Act is implemented and adopts administrative rules as necessary; (b) resolves formal objections to the proposed plan or plan amendment; (c) performs administrative functions related to the review, guarantee, implementation and amendment of an impact plan; (d) grants, denies or repeals waivers of the impact plan requirement for certain large-scale mine permittees and specifies the terms of conditional waivers; and (e) notifies the Department of State Lands if the developer fails to comply with an approved plan or with the requirements of the Impact or Tax Base Sharing Acts.

The companion Tax Base Sharing Act may require the **Department of Revenue** to allocate the increase in taxable valuation of the mineral development that occurs after the operating permit is issued. Valuation is allocated among counties, municipalities and school districts in which the mine is located or which experience an increase in costs in excess of increased revenues resulting from the mineral development, as identified in the approved plan.

The Department of Revenue may also require the developer to provide compensation for the loss of local and economic revenue from the 50 percent reduction in workforce or closure of a hard-rock mine.

Please address questions to the Hard-Rock Mining Impact Board/DOC, Cogswell Building C-211, Capitol Station, Helena, MT 59620; (406)444-3779. 1/88





## Part 3

### Hard-Rock Mining Impact

#### Part Cross-References

Duty to notify weed management district when proposed project will disturb land. 7-22-2152.

Disposition of metalliferous mines license tax. 15-37-117.  
Mining generally. Title 82, ch. 2.  
Reclamation. Title 82, ch. 4.

**90-6-301. Declaration of necessity and purpose.** The large-scale development of mineral deposits in the state may cause an influx of people directly related to the area of the development. This influx of people and the corresponding increase in demand for local government facilities and services may create a burden on the local taxpayer. There is a significant lag time between the time when additional facilities and services must be provided and the time when additional tax revenue is available as a result of the increased tax base. In addition, local government units in whatever jurisdiction the development is not located may receive substantial adverse economic impacts without benefit of a major increased tax base in the future. There is therefore a need to provide a system to assist local government units in meeting the initial financial impact of large-scale mineral development.

**History:** En. Sec. 2, Ch. 617, L. 1981; amd. Sec. 2, Ch. 311, L. 1987.

#### Compiler's Comments

**1987 Amendment:** In first sentence, after "state", substituted "may cause an influx of people directly related to the area of the development" for "causes an influx of people into the area of the development many times larger than the number of people directly involved in the mining operation"; and in second sentence, after

"services", substituted "may create" for "creates".

#### Cross-References

Estimate of economic impact. 2-4-405.  
Montana Environmental Policy Act, Title 75, ch. 1.  
Montana Major Facility Siting Act, Title 75, ch. 20.

**90-6-302. Definitions.** In this part the following definitions apply:

(1) "Board" means the hard-rock mining impact board established in 2-15-1822.

(2) "Bonds" include bonds, notes, warrants, debentures, certificates of indebtedness, temporary bonds, temporary notes, interim receipts, interim certificates, and all instruments or obligations evidencing or representing indebtedness or evidencing or representing the borrowing of money or evidencing or representing a charge, lien, or encumbrance on specific revenues, special assessments, income, or property of a political subdivision, including all instruments or obligations payable from a special fund.

(3) "Local government unit" means a county, city, town, school district, or any of the following independent special districts:

- (a) rural fire district;
- (b) public hospital district;
- (c) refuse disposal district;
- (d) county water and sewer district;
- (e) county water district; or
- (f) county sewer district.

(4) "Large-scale mineral development" means the construction or operation of a hard-rock mine and the associated milling facility for which a permit is applied for under 82-4-335 on or after May 18, 1981, and for which the average number of persons on the payroll of the mineral developer and of contractors at the mineral development exceeds or is projected to exceed 75

mineral development if the mine owner and operator are small miners as defined in 82-4-303.

**History:** En. Sec. 3, Ch. 617, L. 1981; amd. Sec. 8, Ch. 453, L. 1985; amd. Sec. 4, Ch. 582, L. 1985.



**90-6-303. Chairman — meetings — facilities — funding.** (1) The board shall elect a chairman from among its members.

(2) The board shall meet as necessary or as called by the chairman or a majority of the members.

(3) The board is allocated to the department of commerce for administrative purposes only as provided in 2-15-121.

(4) The administrative and operating expenses of the board shall be paid from revenue deposited to the credit of the hard-rock mining impact trust account from the license tax on metal mines imposed under Title 15, chapter 37.

History: En. Sec. 4, Ch. 617, L. 1981; amd. Sec. 7, Ch. 619, L. 1983.

**90-6-304. Accounts established.** (1) There is within the state special revenue fund a hard-rock mining impact account. Moneys are payable into this account from payments made by a mining developer in compliance with the written guarantee from the developer to meet the increased costs of public services and facilities as specified in the impact plan provided for in 90-6-307. The state treasurer shall draw warrants from this account upon order of the hard-rock mining impact board.

(2) There is within the state special revenue fund a hard-rock mining impact trust account. Money is payable into this account under the provisions of 15-37-117. After deducting the administrative and operating expenses of the board as provided in 90-6-303, money must be segregated within the account by county of origin. The state treasurer shall draw warrants from this account upon order of the hard-rock mining impact board.

History: En. Sec. 5, Ch. 617, L. 1981; amd. Sec. 1, Ch. 277, L. 1983; amd. Sec. 8, Ch. 619, L. 1983.

**Cross-References**

Fund structure, 17-2-102.

Warrants, Title 17, ch. 8, part 3.

Hard-rock mining account, 82-4-311.

**90-6-305. Hard-rock mining impact board — general powers.** (1) The board may:

(a) retain professional staff, consultants, and advisors notwithstanding the provisions of 2-15-121

(c) award grants to local government units subject to 90-6-306;

(d) award grants or loans to local government units from money paid into the hard-rock mining impact trust account subject to the provisions of 90-6-321 and 90-6-322;

(e) make payments to local government units from money paid to the hard-rock mining impact account as provided in 90-6-307;

(f) make determinations as provided in 90-6-307, 90-6-321, and 90-6-322; and

(g) accept grants and other funds to be used in carrying out this part.

(2) The provisions of the Montana Administrative Procedure Act apply to the proceedings and determinations of the board.

History: En. Sec. 6, Ch. 617, L. 1981; amd. Sec. 2, Ch. 489, L. 1983; amd. Sec. 9, Ch. 619, L. 1983.

**Cross-References**

Montana Administrative Procedure Act, Title 2, ch. 4.

Adoption and publication of rules, Title 2, ch.

4, part 3.

**90-6-306. Basis for awarding grants.** Grants, including those from the hard-rock mining impact trust account, shall be awarded to local government units on the basis of:

(1) need;

(2) severity of impact from mineral development;

(3) availability of funds; and

(4) extent of local effort in meeting its needs.

History: En. Sec. 7, Ch. 617, L. 1981; amd. Sec. 10, Ch. 619, L. 1983.





**90-6-307. Impact plan to be submitted.** (1) After an application for a permit for a large-scale mineral development is made under 82-4-335, the person seeking the permit shall submit to the affected counties and the board an impact plan describing the economic impact the large-scale mineral development will have on local government units and shall file proof of such submission to the counties with the board. Whenever an environmental impact statement on the permit application is prepared under 75-1-201, the lead agency shall cooperate to the fullest extent practicable with the affected local government units to eliminate duplication of effort in data collection. The governing bodies of the affected counties shall publish notice of the submission of an impact plan at least once in a newspaper of general circulation in the county. The mineral developer and the affected local government units shall ensure that the impact plan includes:

(a) a timetable for development, including the opening date of the development and the estimated closing date;

(b) the estimated number of persons coming into the impacted area as a result of the development;

(c) the increased capital and operating cost to local government units for providing services which can be expected as a result of the development;

(d) the financial or other assistance the developer will give to local government units to meet the increased need for services.

(2) In the impact plan, the developer shall commit itself to pay all of the increased capital and net operating cost to local government units that will be a result of the development, as identified in the impact plan, either from tax prepayments, as provided in 90-6-309, special industrial educational impact bonds, as provided in 90-6-310, or other funds obtained from the developer, and shall provide a time schedule within which it will do so. The plan may provide for funding from other revenue sources or funding mechanisms if the developer guarantees that the amount to be provided from these sources will be paid.

(3) Upon request of the governing body of an affected unit of local government, the mineral developer, prior to the end of the 90-day review period, shall provide financial or other assistance as necessary to prepare for and evaluate the impact plan. The governing body of the affected county must contract with the developer to obtain the requested financial assistance for each unit of local government within the county. Any disbursements to a unit of local government under this subsection shall be credited against future tax liabilities, if any.

(4) The governing body of the county where the fiscal impacts on local government units are forecasted in the impact plan to be most costly shall, within 90 days after receipt of the impact plan from the developer, conduct a public hearing on the impact plan.

(5) An affected local government unit that has not been identified in an impact plan submitted to the board as being likely to experience increased capital and operating costs for providing services which can be expected as a result of the development may object to the impact plan under the provisions of this section if the local government unit clearly demonstrates that it is likely to experience increased capital and operating costs from the mineral development.

(6) An affected local government unit shall, within 90 days after receipt of the impact plan from the developer, notify the board in writing if that local government unit objects to the impact plan, specifying the reasons why the impact plan is objected to. During the 90-day period, an affected local government unit may petition for one 30-day extension by submitting a written request to the board stating the need and justification for the extension. The board shall grant the extension unless it finds there is no reasonable basis for the request. If no objection is received within the 90-day period or any extension thereof, the impact plan is approved without any review by the board. An approved plan is binding and may only be altered under the amendment provisions of 90-6-311.





(7) If objections are received from a local government unit, the board shall, within 10 days, notify the developer and forward a copy of the local government unit's objections to the developer. The local government unit and the developer have 30 days, or a longer period if both the local government unit and the developer request an extension, to resolve the objection. If the objections are not resolved, the board shall conduct a hearing on the validity of the objections, which shall be held in the affected county or, if objections are received from local government units in more than one county, shall be held in the county which, in the board's judgment, is more greatly affected. The provisions of the Montana Administrative Procedure Act shall apply to the conduct of the hearing. The impact plan filed by the developer shall carry no presumption of correctness at the hearing.

(8) Following the hearing, the board shall, within 60 days, make findings as to those portions of the impact plan which were objected to and, if appropriate, amend the impact plan accordingly. The findings and impact plan, as amended, shall be served by the board upon all parties. Any local government unit or the developer, if aggrieved by the decision of the board, is entitled to judicial review, as provided by Title 2, chapter 4, part 7, in the district court in and for the judicial district in which the hearing was

(9) The developer shall, within 30 days of receipt of the approved impact plan, provide the board with a written guarantee that the developer will meet the increased costs of public services and facilities as specified in the approved impact plan and according to the time schedule contained in the approved impact plan.

(10) The developer may make payments as specified in the approved impact plan directly to a local government unit or to the board. The governing body of a local government unit receiving payments shall deposit the payments into an impact fund. The developer and the affected governing body shall each issue to the board written verification of each payment and its intended use in compliance with the impact plan. The board shall deposit payments received from a developer into the hard-rock mining impact account established by 90-6-311.

(11) The board shall notify the department of revenue of the amount of

(12) Upon receipt of evidence that an affected local government unit identified in the approved impact plan is providing or is preparing to provide an additional service or facility provided for in the approved impact plan, the board shall, if the hard-rock mining impact account is used to deliver payments to the local government unit, pay to that local government unit, in one sum or in parts, the money from the hard-rock mining impact account identified in the plan as the increased cost to the local government unit of providing that public service or facility.

(13) If it is determined that an objection filed by an affected local government unit under subsections (5) and (6) or 90-6-311(3) is valid and it results in some remedial order by the board or court of competent jurisdiction, the local government unit shall be awarded and the developer shall pay reasonable costs and attorney fees associated with any administrative or judicial appeals filed under this section. Any attorney fees and costs awarded shall be in addition to any amounts paid by the developer under this part.



(14) Upon a determination by the department of state lands that a permittee under 82-4-335 has become or will become a large-scale mineral developer, the permittee may petition the board for a waiver of the impact plan requirement. The board may grant a waiver or conditional waiver of this requirement only if it has provided notice and opportunity for hearing to the permittee and to all affected local government units. The board shall adopt criteria under which a waiver may be granted. A waiver issued by the board may be revoked as provided in the conditional waiver or if the permittee and contractors at the mineral development increase their payrolls from the date of the waiver by 75 or more persons, provided the revocation is requested by an affected local government unit and notice and opportunity for hearing are given to the permittee and all affected local government units. The board shall notify the board of land commissioners of any waiver that has been revoked.

(15) When a person who holds an operating permit under 82-4-335 and who has filed an impact plan fails to comply with the review and notification requirements of this part and part 4 of this chapter, the board shall notify to the board of land commissioners that the failure to comply has occurred and shall certify when a permittee who has previously failed to comply comes into compliance.

History: En. Sec. 8, Ch. 617, L. 1981; amd. Sec. 3, Ch. 489, L. 1983; amd. Sec. 4, Ch. 24, L. 1985; amd. Sec. 5, Ch. 582, L. 1985; amd. Sec. 3, Ch. 311, L. 1987.

#### Compiler's Comments

1987 Amendment: In (1), at end of introductory material, substituted reference to the mineral developer and the affected local government units ensuring contents of impact plan for "The impact plan shall include"; inserted (4) and (5); in (6), in fourth sentence, substituted "the

impact plan is approved without any review by the board" for "the impact plan shall be approved by the board" and inserted last sentence; and in (13) substituted "subsections (5) and (6)" for "subsection (4)".

#### Cross-References

Notice — actual and constructive, 1-1-217.

Local government — culture, social services, and recreation, Title 7, ch. 16.

Protective services, Title 7, ch. 31.

Requirements for compliance with notice provisions, 2-3-104.

Rules of evidence, Title 2, ch. 16.  
Judicial notice, 2-4-612.

ch. 13.

**90-6-308. Permit procedure and review of impact plan to run concurrently.** It is intended that the procedure for fulfilling the permit requirement of 82-4-335 and the review of the impact plan by the board under 90-6-307(5) and (6), if review occurs, are to run concurrently.

History: En. Sec. 9, Ch. 617, L. 1981; amd. Sec. 4, Ch. 311, L. 1987.

#### Compiler's Comments

1987 Amendment: At end of section substituted "under 90-6-307(5) and (6), if review occurs" for "under 90-6-307".

**90-6-309. Tax prepayment — large-scale mineral development.** (1) After permission to commence operation is granted by the appropriate governmental agency, and upon request of the governing body of a county in which a facility is to be located, a person intending to construct or locate a large-scale mineral development in this state shall prepay property taxes as specified in the impact plan. This prepayment shall exclude the 6-mill university levy and may exclude the mandatory county levy for the school foundation program of 45 mills.

(2) The person who is to prepay under this section shall not be obligated to prepay the entire amount established in subsection (1) at one time. Upon request of the governing body of an affected local government unit, the person shall prepay the amount shown to be needed from time to time as determined by the board.





(3) The person who is to prepay shall guarantee to the hard-rock mining impact board, through an appropriate financial institution, as may be required by the board, that property tax prepayments will be paid as needed for expenditures created by the impacts of the large-scale mineral development.

(4) When the mineral development facilities are completed and assessed by the department of revenue, they shall be subject during the first 3 years and thereafter to taxation as all other property similarly situated, except that in each year after the start of production, the local government unit that received a property tax prepayment shall provide for repayment of prepaid property taxes in accordance with subsection (5).

(5) A local government unit that received all or a portion of the property tax prepayment under this section shall provide for tax crediting as specified in the impact plan. The tax credit allowed in any year may not, however, exceed the tax obligation of the developer for that year, and the time period for tax crediting is limited to the productive life of the mining operation.

History: En. Sec. 10, Ch. 617, L. 1981; amd. Sec. 4, Ch. 489, L. 1983; amd. Sec. 6, Ch. 582, L. 1985.

**Cross-References**

Property tax levies, Title 15, ch. 10.

Tax prepayment — new industrial facilities, 15-16-201.

**90-6-310. Education impact bonds.** (1) When the need for new school facilities is determined, the owners of a large-scale mineral development may enter into a written agreement with the trustees of a school district that has the burden for the issuance of bonds to cover the cost of such new construction. The trustees of a school district may execute a written agreement with the owner of a large-scale mineral development for the issuance of any special industrial educational impact bonds provided for in this section.

(2) The agreement with the owners of a large-scale mineral development shall provide for a payment guarantee, in addition to the taxes imposed by

enacted special tax levy on the property of the large-scale mineral development sufficient to retire the principal and interest on these special impact bonds. The bonds shall not be an obligation of the trustees or the school district.

(3) The debt limits set forth in 20-9-406 and the provisions of 20-9-410 and 20-9-421 through 20-9-432, inclusive, do not apply to bonds issued in accordance with this section. The interest on such bonds shall not be subject to state taxes.

History: En. Sec. 11, Ch. 617, L. 1981.

**Cross-References**

Bond issues, Title 17, ch. 5.

Bond issues for certain purposes, 20-9-403.

Purpose and authorization of building reserve fund by an election, 20-9-502.

**90-6-311. Impact plan amendments.** (1) The impact plan may provide for amendment under definite conditions specified in the plan. Also, the governing body of an affected county or the mineral developer may petition the board for an amendment to an approved impact plan if:

(a) employment at the large-scale mineral development is forecast to increase or decrease by at least 75 persons, as determined under 90-6-302(4), over or under the employment levels contemplated by the approved impact plan; or

(b) it becomes apparent that an approved impact plan is materially inaccurate because of errors in assessment and 2 years have not elapsed since the date the facility begins commercial production; or

(c) the governing body of an affected county and the mineral developer join in a petition to amend the impact plan.



(2) Within 10 days of receipt the board shall publish notice of the petition at least once in a newspaper of general circulation in the affected county. The petition must include:

- (a) an explanation of the need for an amendment;
- (b) a statement of the facts and circumstances underlying the need for an amendment; and
- (c) a description of the corrective measures proposed by the petitioner.

(3) Within 60 days after notice that the petition has been received, an affected local government unit or the mineral developer must notify the board in writing if such person objects to the amendments proposed by the petitioner, specifying the reasons why the impact plan should not be amended as proposed. If no objection is received within the 60-day period, the impact plan must be amended by the board as proposed by the petitioner.

(4) If an objection is received, within 10 days of its receipt, the board shall notify the petitioner and include a copy of all objections received by the board. If the objecting party and the petitioner cannot resolve the objections within 30 days after the expiration of the 60-day period, the board shall conduct a hearing on the validity of the objections within 30 days after the failure of the parties to resolve the objections. The hearing must be held in the affected county or, if objections are received from local government units in more than one county, must be held in the county which in the board's judgment is more greatly affected. The provisions of the Montana Administrative Procedure Act apply to the conduct of the hearing.

(5) Following the hearing, the board shall make findings as to those portions of the amendments which were objected to and, if appropriate, amend the impact plan accordingly. The board shall cause the findings and impact plan, as amended, to be served on all parties. Any local government unit or the developer is entitled to judicial review, as provided by Title 2, chapter 4, part 7, in the district court for the judicial district in which the hearing was held.

History: En. Sec. 5, Ch. 489, L. 1983; amd. Sec. 7, Ch. 582, L. 1985.

#### Cross-References

Notice and opportunity to be heard, Title 2,  
ch. 3, part 1.

Contested cases — informal hearings, 2-4-603.  
Contested cases — hearing, 2-4-612.

90-6-312 through 90-6-320 reserved.

**90-6-321. Basis for awarding grants and loans from the hard-rock mining impact trust account — restrictions.** (1) Whenever the board determines that a mining operation has permanently ceased all mining-related activity or has experienced at least a 50% reduction in its full-time equivalent mining work force over the immediately preceding 5-year period, the board may in its discretion award grants and loans from the hard-rock mining impact trust account to an affected local government unit in accordance with subsection (2).

(2) The board may award grants and loans to assist a local government unit in efforts to:

- (a) pay for outstanding capital project bonds or other expenses incurred at least 5 years prior to the end of mining activity or the reduction in a work force as specified in subsection (1);
- (b) decrease unusually high property tax mill levies that are directly caused by the cessation or reduction of mining activity;
- (c) promote diversification and development of the economic base within a local government unit;
- (d) attract new industry to the impact area; and
- (e) provide cash incentives for expanding the employment base of the impact area.

(3) Not more than 50% of the money available in the hard-rock mining impact trust account may be granted or loaned for the purpose of assisting local governments under (a) and (b) of subsection (2).

(4) The amount of money that is available to be granted or loaned to a local government unit within an impact area may not exceed the balance in





the hard-rock mining impact trust account credited to that area under the provisions of 90-6-304 and 90-6-322.

History: En. Sec. 2, Ch. 619, L. 1983.

**90-6-322. Eligibility for grants and loans from county accounts — board rules.** (1) The hard-rock mining impact trust account must be maintained on a county-by-county basis. Any local government unit in the state directly impacted by the cessation or reduction of mining-related activity may apply to the board for impact grants or loans from the account for the county in which such cessation or reduction occurred.

(2) The board shall determine to what degree a local government unit is directly impacted by a cessation or reduction in mining-related activity, and such determination is final. The board shall adopt rules that provide a procedure for designating local government units and areas impacted by the cessation or reduction of mining-related activity.

History: En. Sec. 3, Ch. 619, L. 1983.

#### **Cross-References**

Adoption and publication of rules, Title 2, ch. 4, part 3.

**90-6-323. Local government budget authority.** A local government unit may budget and expend payments received from a mineral developer under this part or part 4 of this chapter or pursuant to a plan approved under this part. If a payment is requested or received after the adoption of the budget for the fiscal year in which the payment is to be expended, the governing body of the local government unit may by a majority vote amend its budget to provide for the receipt and expenditure of the payment.

History: En. Sec. 8, Ch. 582, L. 1985.

## **Part 4**

### **Hard-Rock Mining Impact Property Tax Base Sharing**

#### **Part Cross-References**

Residence — rules for determining, 1-1-215.  
Property subject to taxation — classification,  
Title 15, ch. 6, part 1.  
Tax appraisal, Title 15, ch. 7, part 1.

Tax assessment procedure, Title 15, ch. 8.  
Tax equalization, Title 15, ch. 9, part 1.  
Statewide tax levies, Title 15, ch. 10, part 1.  
Mining license taxes, Title 15, ch. 37.  
Resource indemnity trust tax, Title 15, ch. 38.

**90-6-401. Declaration of necessity and purpose.** The commencement of new large-scale hard-rock mineral developments often results in revenue disparities among adjacent local government units. This occurs primarily when a mine that locates in one taxing jurisdiction causes population influxes in neighboring jurisdictions. The result can be that some jurisdictions will

increase in revenue, while others will experience an increase in revenue and receive no comparable increase in expenditures. There is therefore a need to allocate the increase in property tax base resulting from the development and operation of new large-scale mines so that property tax revenues will be equitably distributed among affected local government units.

History: En. Sec. 1, Ch. 635, L. 1983.

**90-6-402. Definitions.** As used in this part, the following definitions apply:

(1) "Affected local government unit" means a local government unit that will experience a need to increase services or facilities as a result of the commencement of large-scale mineral development or within which a large-scale mineral development is located in accordance with an impact plan adopted pursuant to 90-6-307.

(2) "Board" means the hard-rock mining impact board established in 2-15-1822.



(a) A portion, not to exceed 20%, to affected municipalities, based on that percentage of the total number of mineral development employees that reside within municipal boundaries. The taxable valuation allocated to affected municipalities must be distributed to each municipality according to its percentage of the total number of mineral development employees who reside within municipal boundaries. That portion of the taxable valuation distributed to a municipality pursuant to this section is subject to the same county mill levy as other taxable properties located in the municipality.

(b) The remaining portion of the taxable valuation must be distributed to each affected county according to its percentage of the total number of mineral development employees that reside within the county.

(2) The total increase in taxable valuation must be distributed pro rata among each affected high school district according to the percentage of the total number of mineral development high school students that reside within each district.

(3) The total increase in taxable valuation must be distributed pro rata among each affected elementary school district according to the percentage of the total number of mineral development elementary school students that reside within each district.

History: En. Sec. 4, Ch. 635, L. 1983.

**90-6-405. Employee surveys.** (1) Each large-scale mineral development subject to the provisions of 90-6-403 and 90-6-404 shall, on or before May 1 of each year, conduct a survey of its employees and promptly submit a report of its findings to the department of revenue. The report must include:

(a) the number of mineral development employees residing within each affected county;

(b) the number of mineral development employees residing within each

(c) the number of mineral development students residing in each affected high school district; and

(d) the number of mineral development students residing in each

(2) The initial allocation of the increase in taxable valuation made as provided in 90-6-403 and 90-6-404 shall be made on the basis of the place of residence of employees and the district of enrollment of students as projected in the approved impact plan for that period of time between the issuance and validation of the permit and the submission of an employee survey as provided for in this section.

History: En. Sec. 5, Ch. 635, L. 1983.





(3) "Mineral development employee" means a person who resides within the jurisdiction of an affected local government unit as a result of employment with a large-scale mineral development or its contractors or subcontractors.

(4) "Mineral development student" means a student whose parent or guardian resides within the jurisdiction of an affected local government unit as a result of employment with a large-scale mineral development or its contractors or subcontractors.

(5) "Jurisdictional revenue disparity" means property tax revenues resulting from a large-scale hard-rock mineral development that are inequitably distributed among affected local government units as finally determined by the board in an approved impact plan.

(6) "Large-scale mineral development", for the purposes of this part, is defined in 90-6-302.

(7) "Local government unit", for the purposes of this part, means a county, municipality, or school district.

(8) "Taxable valuation" of a mineral development means the total of the gross proceeds taxable percentage specified in 15-6-132(2)(a) when added to the taxable percentages of real property, improvements, machinery, equipment, and other property classified under Title 15, chapter 6, part 1.

History: En. Sec. 2, Ch. 635, L. 1983.

**90-6-403. Jurisdictional revenue disparity — conditioned exemption and reallocation of certain taxable valuation.** (1) When an impact plan for a large-scale mineral development approved pursuant to 90-6-307 identifies a jurisdictional revenue disparity, the board shall promptly notify the developer, all affected local government units, and the department of revenue of the disparity. Except as provided in this section and 90-6-404, the increase in taxable valuation of the mineral development that occurs after the issuance and validation of a permit under 82-4-335 is not subject to the usual application of county and school district property tax mill levies. This increase in taxable valuation must be allocated to local government units as

in 90-6-404 is subject to the application of property tax mill levies in the local government unit to which it is allocated.

(2) The total taxable valuation of a large-scale mineral development remains subject to the statewide mill levies and basic county levies for elementary and high school foundation programs as provided in 20-9-331 and 20-9-333.

(3) The provisions of subsection (1) remain in effect until the large-scale mineral development ceases operations or until the existence of the jurisdictional revenue disparity ceases, as determined by the board.

History: En. Sec. 3, Ch. 635, L. 1983; amd. Sec. 5, Ch. 311, L. 1987.

#### **Compiler's Comments**

**1987 Amendment:** In (1), near beginning of first sentence after "approved", deleted "by the board".

**90-6-404. Allocation of taxable valuation for local taxation purposes.** When property of a large-scale mineral development is subject to the provisions of 90-6-403, the increase in taxable valuation must be allocated by the department of revenue as follows:

(1) The total increase in taxable valuation of the mineral development must be allocated between affected counties and affected municipalities according to the following formula based on the place of residence of mineral development employees:





**82-4-335. Operating permit.** (1) No person shall engage in mining, ore processing, or reprocessing of tailings or waste material or construct or operate a hard-rock mill or disturb land in anticipation of those activities in the state without first obtaining an operating permit from the board to do so. A separate operating permit shall be required for each complex. Prior to receiving an operating permit from the board, any person must pay the basic permit fee of \$25 and must submit an application on a form provided by the board, which shall contain the following information and any other pertinent data required by the rules:

(a) name and address of the operator and, if a corporation or other business entity, the name and address of its principal officers, partners, and the like and its resident agent for service of process, if required by law;

(b) minerals expected to be mined;

(c) a proposed reclamation plan;

(d) expected starting date of operations;

(e) a map showing the specific area to be mined and the boundaries of the land which will be disturbed, topographic detail, the location and names of all streams, roads, railroads, and utility lines on or immediately adjacent to the area, location of proposed access roads to be built, and the names and addresses of the surface and mineral owners of all lands within the mining area, to the extent known to applicant;

(f) types of access roads to be built and manner of reclamation of road sites on abandonment;

(g) a plan which will provide, within limits of normal operating procedures of the industry, for completion of the operation;

(h) ground water and surface water hydrologic data gathered from a sufficient number of sources and length of time to characterize the hydrologic

(i) a plan detailing the design, operation, and monitoring of impounding structures, including but not limited to tailings impoundments and water reservoirs, sufficient to ensure that such structures are safe and stable;

(j) a plan identifying methods to be used to monitor for the accidental discharge of objectionable materials and remedial action plans to be used to control and mitigate discharges to surface or ground water; and

(k) an evaluation of the expected life of any tailings impoundment or waste area and the potential for expansion of the tailings impoundment or waste site.

(2) Except as provided in subsection (4), the permit provided for in subsection (1) for a large-scale mineral development as defined in 90-6-302 shall be conditioned to provide that activities under the permit may not commence until the impact plan is approved under 90-6-307 and until the permittee has provided a written guarantee to the department and to the hard-rock mining impact board of compliance within the time schedule with the commitment made in the approved impact plan, as provided in 90-6-307. If the permittee does not comply with that commitment within the time scheduled, the board, upon receipt of written notice from the hard-rock mining impact board, shall suspend the permit until it receives written notice from the hard-rock mining impact board that the permittee is in compliance.



(3) When the department determines that a permittee has become or will become a large-scale mineral developer pursuant to 82-4-339 and 90-6-302(4) and provides notice as required under 82-4-339, within 6 months of receiving the notice, the permittee shall provide the board with proof that he has obtained a waiver of the impact plan requirement from the hard-rock mining impact board or that he has filed an impact plan with the hard-rock mining impact board and the appropriate county or counties. If the permittee does not file the required proof or if the hard-rock mining impact board certifies to the board that the permittee has failed to comply with the hard-rock mining impact review and implementation requirements in Title 90, chapter 6, parts 3 and 4, the board shall suspend the permit until the permittee files the required proof or until the hard-rock mining impact board certifies that the permittee has complied with the hard-rock mining impact review and implementation requirements.

(4) Compliance with 90-6-307 is not required for exploration and bulk sampling for metallurgical testing when the aggregate samples are less than 10,000 tons.

History: En. Sec. 8, Ch. 252, L. 1971; amd. Sec. 4, Ch. 281, L. 1974; R.C.M. 1947, 50-1208; amd. Sec. 6, Ch. 588, L. 1979; amd. Sec. 13, Ch. 617, L. 1981; amd. Sec. 1, Ch. 489, L. 1983; amd. Sec. 1, Ch. 345, L. 1985; amd. Sec. 3, Ch. 453, L. 1985; amd. Sec. 2, Ch. 582, L. 1985; amd. Sec. 1, Ch. 311, L. 1987.

#### Compiler's Comments

**1987 Amendment:** In (2), in two places in first sentence, substituted reference to approval of impact plan under 90-6-307 for reference to approval by the hard-rock mining impact board.

#### Cross-References

Landowner notification of surface operations, Title 82, ch. 2, part 3.

**82-4-336. Reclamation plan and specific reclamation requirements.** (1) The reclamation plan shall provide that reclamation activities, particularly those relating to control of erosion, to the extent feasible, shall be conducted simultaneously with the operation and in any case shall be initiated promptly after completion or abandonment of the operation or those

provide that reclamation activities shall be completed not more than 2 years after completion or abandonment of the operation or that portion of the complex.

(2) In the absence of emergency or suddenly threatened or existing catastrophe, an operator may not depart from an approved plan without previously obtaining from the department written approval of his proposed change.

(3) Provision shall be made to avoid accumulation of stagnant water in the mined area which may serve as a host or breeding ground for mosquitoes or other disease-bearing or noxious insect life.

(4) All final grading shall be made with nonnoxious, nonflammable, non-combustible solids unless approval has been granted by the board for a supervised sanitary fill.





(5) Where mining has left an open pit exceeding 2 acres of surface area and the composition of the floor or walls of the pit are likely to cause formation of acid, toxic, or otherwise pollutive solutions (hereinafter "objectionable effluents") on exposure to moisture, the reclamation plan shall include provisions which adequately provide for:

(a) insulation of all faces from moisture or water contact by covering to a depth of 2 feet or more with material or fill not susceptible itself to generation of objectionable effluents;

(b) processing of any objectionable effluents in the pit before their being allowed to flow or be pumped out of it to reduce toxic or other objectionable ratios to a level considered safe to humans and the environment by the board;

(c) drainage of any objectionable effluents to settling or treatment basins when the objectionable effluents must be reduced to levels considered safe by the board before release from the settling basin; or

(d) absorption or evaporation of objectionable effluents in the open pit itself; and

(e) prevention of entrance into the open pit by persons or livestock lawfully upon adjacent lands by fencing, warning signs, and such other devices as may reasonably be required by the board.

(6) Provisions for vegetative cover shall be required in the reclamation plan if appropriate to the future use of the land as specified in the reclamation plan. The reestablished vegetative cover shall meet county standards for noxious weed control.

(7) The reclamation plan shall provide for the reclamation of all disturbed land. Proposed reclamation shall provide for the reclamation of disturbed land to comparable utility and stability as that of adjacent areas, except for open pits and rock faces which may not be feasible to reclaim. In such excepted cases, the board shall require sufficient measures to insure public safety and to prevent the pollution of air or water and the degradation of adjacent lands.

(8) A reclamation plan shall be approved by the board if it adequately provides for the accomplishment of the activities specified in this section.

(9) The reclamation plan shall provide for permanent landscaping and

rock dumps. The plan shall also provide measures to prevent objectionable postmining ground water discharges.

History: En. Sec. 9, Ch. 252, L. 1971; amd. Sec. 5, Ch. 281, L. 1974; amd. Sec. 14, Ch. 39, L. 1977; R.C.M. 1947, 50-1209; amd. Sec. 2, Ch. 345, L. 1985; amd. Sec. 4, Ch. 453, L. 1985.

#### Cross-References

County weed control, Title 7, ch. 22, part 21.

Denial of operating permit for failure of reclamation plan to comply with air quality, water

quality, or public water treatment criteria, 82-4-351.

**82-4-337. Inspection — issuance of operating permit — modification.** (1) (a) The board shall cause all applications for operating permits to be reviewed for completeness within 30 days of receipt. The board shall notify the applicant concerning completeness as soon as possible. An application is considered complete unless the applicant is notified of any deficiencies within 30 days of receipt.



(b) Unless the review period is extended as provided in this section, the board shall review the adequacy of the proposed reclamation plan and plan of operation within 30 days of the determination that the application is complete or within 60 days of receipt of the application if the board does not notify the applicant of any deficiencies in the application. If the applicant is not notified of deficiencies or inadequacies in the proposed reclamation plan and plan of operation within such time period, the operating permit shall be issued upon receipt of the bond as required in 82-4-338. The department shall promptly notify the applicant of the form and amount of bond which will be required. No permit may be issued until sufficient bond has been submitted pursuant to 82-4-338.

(c) (i) Prior to issuance of a permit, the department shall inspect the site unless the department has failed to act on the application within the time prescribed in subsection (1)(b). If the site is not accessible due to adverse weather conditions, the department may extend the time period prescribed in subsection (1)(b) by not more than 180 days to allow inspection of the site and reasonable review. The department must serve written notice of extension upon the applicant in person or by certified mail, and any such extension is subject to appeal to the board in accordance with the Montana Administrative Procedure Act.

(ii) If the department determines that additional time is needed to review the application and reclamation plan for a major operation, the department and the applicant shall negotiate to extend the period prescribed in subsection (1)(b) by not more than 365 days in order to permit reasonable review.

(iii) Failure of the board to act upon a complete application within the extension period constitutes approval of the application, and the permit shall be issued promptly upon receipt of the bond as required in 82-4-338.

(2) The operating permit shall be granted for the period required to complete the operation and shall be valid until the operation authorized by the permit is completed or abandoned unless the permit is suspended or revoked by the board as provided in this section.

(3) The operating permit shall be modified by the board, upon proper application of the permittee or department, after timely notice and opportunity for hearing, at any time during the term of the permit and for any of the following reasons:

(a) to modify the requirements so they will not conflict with existing laws;

(b) when the previously adopted reclamation plan is impossible or impracticable to implement and maintain;

(c) when significant environmental problem situations are revealed by field inspection.

History: En. Sec. 10, Ch. 252, L. 1971; amd. Sec. 6, Ch. 281, L. 1974; amd. Sec. 1, Ch. 427, L. 1977; R.C.M. 1947, 50-1210(1), (2); amd. Sec. 7, Ch. 588, L. 1979; amd. Sec. 5, Ch. 453, L. 1985.

#### **Cross-References**

Contested administrative cases, Title 2, ch. 4, part 6.





**82-4-338. Performance bond.** (1) The applicant shall file with the department a bond payable to the state of Montana with surety satisfactory to the department in the penal sum to be determined by the department of not less than \$200 or more than \$2,500 for each acre or fraction thereof of the disturbed area, conditioned upon the faithful performance of the requirements of this part and the rules of the board. In lieu of such bond, the applicant may file with the board a cash deposit, an assignment of a certificate of deposit, or other surety acceptable to the board. Regardless of the above limits, the bond shall not be less than the estimated cost to the state to complete the reclamation of the disturbed land. A public or governmental agency shall not be required to post a bond under the provisions of this part. A blanket performance bond covering two or more operations may be accepted by the board. Such blanket bond shall adequately secure the estimated total number of acres of disturbed land. When determined by the department that the set bonding level of a permit or license does not represent the present costs of reclamation, the department may modify the bonding requirements of that permit or license.

(2) No bond filed in accordance with the provisions of this part shall be released by the department until the provisions of the permit or license, pursuant thereto, and this reclamation plan have been fulfilled.

(3) No bond filed for an operating permit obtained under 82-4-335 may be released until the public has been provided an opportunity for a hearing.

History: En. Sec. 11, Ch. 252, L. 1971; amd. Sec. 7, Ch. 281, L. 1974; R.C.M. 1947, 50-1211; amd. Sec. 3, Ch. 345, L. 1985.

#### **Cross-References**

Surety bonds and companies, Title 28, ch. 11,  
part 4, Title 33, ch. 26, part 1.

**82-4-339. Annual report of activities by permittee — fee — notice of large-scale mineral developer status.** (1) Within 30 days after completion or abandonment of operations on an area under permit or within 30 days after each anniversary date of the permit, whichever is earlier, or at such later date as may be provided by rules of the board and each year thereafter until reclamation is completed and approved, the permittee shall pay the annual fee of \$25 and shall file a report of activities completed during the preceding year on a form prescribed by the board which report shall:

- (a) identify the permittee and the permit number;
- (b) locate the operation by subdivision, section, township, and range and with relation to the nearest town or other well-known geographic feature;
- (c) estimate acreage to be newly disturbed by operation in the next 12-month period;
- (d) include the number of persons on the payroll for the previous permit year and for the next permit year at intervals that the department considers sufficient to enable a determination of the permittee's status under 90-6-302(4); and
- (e) update any maps previously submitted or specifically requested by the board. Such maps shall show:
  - (i) the permit area;
  - (ii) the unit of disturbed land;
  - (iii) the area to be disturbed during the next 12-month period;
  - (iv) if completed, the date of completion of operations;
  - (v) if not completed, the additional area estimated to be further disturbed by the operation within the following permit year; and
  - (vi) the date of beginning, amount, and current status of reclamation performed during the previous 12 months.

or will, during the next permit year, become a large-scale mineral developer, it shall immediately serve written notice of that fact on the permittee, the hard-rock mining impact board, and the county or counties in which the operation is located.

History: En. Sec. 12, Ch. 252, L. 1971; R.C.M. 1947, 50-1212; amd. Sec. 3, Ch. 582, L. 1985.

#### **Cross-References**

Hard-rock mining impact, Title 90, ch. 6, part



Chapter 104

HARD-ROCK MINING IMPACT BOARD

Sub-Chapter 1

Organizational Rule

Sub-Chapter 2

Procedural Rules

- Rule 8.104.201 Public Participation
- 8.104.202 General Procedural Rules
- 8.104.203 Format and Content of Plan
- 8.104.203A Definitions
- 8.104.204 [REDACTED]
- 8.104.205 Proof of Submission of Plan to Affected Counties
- 8.104.206 Computation of Time
- 8.104.207 Contents of Objection to Plan
- 8.104.208 Submission of Objections to Board
- 8.104.208A Filing of Objections During Extension Period
- 8.104.209 [REDACTED]
- 8.104.210 Ex Parte Communications with Board Members
- 8.104.211 Implementation of Approved Impact Plan
- 8.104.211A Evidence of the Provision of Service or Facility
- 8.104.212 Adoption of Policies or Guidelines
- 8.104.213 Modification of Plan
- 8.104.214 Financial Guarantee of Tax Prepayment
- 8.104.215 (Reserved)



8.104.216 Content of Petition for Plan Amendment

8.104.217 Waiver of Impact Plan Requirement

### Sub-Chapter 3

#### Rules Governing Awarding of Grants

Rule 8.104.301 General Provisions

8.104.302 Content of Grant Applications

8.104.303 Evaluation Process

8.104.304 Application Review Process

8.104.305 Contract with Successful Applicant

### Sub-Chapter 1

#### Organizational Rule

8.104.101 ORGANIZATION OF BOARD (1) The hard-rock mining impact board

statute the board comprises five members, three of whom reside in an area impacted by large-scale mineral development. No more than three members may reside in the same congressional district. The board consists of:

- (a) a representative of the hard-rock mining industry;
- (b) a representative of a major financial institution in Montana;
- (c) an elected school district trustee;
- (d) an elected county commissioner; and
- (e) a member of the public-at-large.

(2) Information or submissions: Inquiries regarding the board may be addressed to the Administrative Office, Hard-Rock Mining Impact Board, Department of Commerce, Special Services, Helena, Montana 59601.

Mr. Leonard H. McKinney, Chairman, 312 13th Avenue North, Lewistown, Montana 59457 - member of public-at-large.

Mr. Jim Edwards, 2005 Washoe, Anaconda, Montana 59722 - county commissioner.

Mr. Donald Kinsey, Vice-Chairman, P. O. Box 1004, Big Timber, Montana 59011 - school district trustee.

Mr. Edward Jasmin, Norwest Bank, P. O. Box 597, Helena, Montana 59624 - member of financial institution.

Mr. Roger Rice, 3003 Leeann Blvd., Billings, Montana 59102 - industry representative.

(4) For administrative purposes the board is attached to the department of commerce. For staffing purposes the board is attached to the department's local government assistance division. A chart of the department's





organization is found at page 8-13 of these rules and by this reference is made a part of the board's organizational rules.

## Sub-Chapter 2

### Procedural Rules

8.104.201 PUBLIC PARTICIPATION (1) The hard-rock mining impact board hereby adopts and incorporates by reference ARM 8.2.101 through 8.2.207 which sets forth the department of commerce's public participation rules. A copy of the rules may be obtained from the Hard-Rock Mining Impact Board, 1400 Broadway, Helena, Montana 59620-0524.

board hereby adopts and incorporates by reference ARM 1.3.101 through 1.3.204 which sets forth the attorney general's model procedural rules. A copy of the model rules may be obtained from the Hard-Rock Mining Impact Board, 1400 Broadway, Helena, Montana 59620-0524. The board will treat the hearing provided for by section 90-6-307 (7), MCA as a contested case hearing under the model rules.

8.104.203 FORMAT AND CONTENT OF PLAN (1) The format and substance of the plan shall allow for a ready review and analysis of the plan, its several parts, and their relationships to each other.

(2) The format of the plan shall contain the following elements:

(a) the name, address and phone number of the developer's contact person;

(b) a brief summary of the impact plan;

(c) a list of the local government units which the developer believes might potentially be affected by the development;

(d) a table of contents;

(e) numbered pages throughout.

(3) The plan shall be bound in a manner that will allow for ready removal and insertion of pages.

(4) The impact plan shall contain, at a minimum, information specifically required by statute, information necessary to the implementation of statute, and information necessary to the review and implementation of the plan, including but not limited to:

(a) As required by 90-6-307(1), MCA, the plan shall contain the following information:

(i) a timetable for development, including the opening date of the development and the estimated closing date;

(ii) the estimated number of persons coming into the impacted area as a result of the development;

(iii) the increased capital and operating cost to local government units for providing services which can be expected as a result of the development;

(iv) the financial or other assistance the developer will give to local government units to meet the increased need for services.

(b) As required by 90-6-307(2), MCA, in the impact plan the developer shall commit itself to pay all of the increased capital and net operating cost to local government units that will be a result of the development, as identified in the impact plan, either from tax prepayments, as provided in 90-6-309, MCA special industrial educational impact bonds, as provided in 90-6-310, MCA or other funds obtained from the developer, and shall provide



a time schedule within which it will do so. The plan may provide for funding from other revenue sources or funding mechanisms if the developer guarantees that the amount to be provided from these sources will be paid.

(c) If the plan provides for the prepayment of property taxes, the plan shall specify the conditions under and method by which prepaid taxes are to be credited, as provided by 90-6-309 (5), MCA.

(d) If the plan identifies a jurisdictional revenue disparity as provided for by 90-6-403 (1), MCA, the plan shall project the place of residence of employees and the district of enrollment of students, as required for 90-6-405 (2), MCA.

(e) The plan shall define the following terms in a manner consistent with common usage and appropriate to the specific large-scale mineral development:

(i) if property taxes are to be prepaid, "start of production", as required for 90-6-309 (4), MCA;

(ii) if property taxes are to be prepaid, "commencement of mining", as required for 90-6-309 (5), MCA;

(iii) "commercial production", as required for 90-6-311, MCA.

(f) In the plan the developer shall commit to notify the board and the affected local government units within 30 days of each applicable date identified in (e) of this subsection."

8.104.203A DEFINITIONS For purposes of these rules, the term "impacted area" means the jurisdictional area or areas of the affected local government units identified in an impact plan or in an amendment to an impact plan.

8.104.204 NOTIFICATION AND SUBMISSION OF PLAN (1) The developer shall submit 12 copies to the board and a sufficient number of copies to each affected county for distribution.

8.104.205 PROOF OF SUBMISSION OF PLAN TO AFFECTED COUNTIES (1) The board will accept as proof of the date of receipt of an impact plan by an affected county a dated receipt, signed by an authorized representative of the county, confirming delivery of the plan by registered mail, hand delivery, or otherwise or an acknowledged statement by the developer certifying the date of delivery of the plan to the county.

8.104.206 COMPUTATION OF TIME (1) In computing any period of time prescribed by sections 90-6-301 through 90-6-310, MCA, the day of the act, event, or default after which the designated period of time begins to run is not to be included. The last day of the period so computed is to be included unless it is a Saturday, Sunday or legal holiday, in which event the period runs until the end of the next day which is neither a Saturday, Sunday or a holiday. Whenever a party has the right or is required to do some act or take some proceedings within a prescribed period after the service of a notice or other paper upon him and the notice or paper is served upon him by mail, 3 days shall be added to the prescribed period.

8.104.207 CONTENTS OF OBJECTION TO PLAN (1) An objection to an impact plan submitted to the board shall contain or show:

- (a) the name(s) of the developer(s), the project and the impact plan;
- (b) the date the objection is submitted;
- (c) the name of the local government unit(s) raising the objection;
- (d) the government unit's contact person(s) name, address, phone;





- (e) the name of the local government unit(s) affected by the objection;
  - (f) the specific elements of the plan being objected to, giving the page number(s);
  - (g) the substance of the objection;
  - (h) the reasons for the objection;
  - (i) supportive data, information or analysis;
  - (j) references to other related portions of the plan (giving page numbers), such as:
    - (i) analysis of employment and population;
    - (ii) analysis of location, nature, extent and cost of impact;
    - (iii) proposed mitigation measure;
    - (iv) proposed timing and cost of mitigation measure;
    - (v) proposed mitigation measure and source of financing of the mitigation measure;
  - (k) additional relevant information;
  - (l) the objector's proposal for resolving the disputed issues;
  - (m) a resolution dated and signed by the governing body of each objecting unit of local government confirming that the above statements appropriately reflect their views and concerns.
- (2) A form outlining the contents required by this rule is available from the board's offices.

8.104.208 SUBMISSION OF OBJECTIONS TO BOARD (1) At least 15 copies of the objection(s) shall be filed with the board and a copy filed with each affected local government unit.

8.104.208A FILING OF OBJECTIONS DURING EXTENSION PERIOD (1) Only those affected local government units which have requested a 30-day extension of the initial review period pursuant to section 90-6-307 (6), MCA, may file during this extension relates to the interests of a government unit which did not request an extension, that unit will be allowed to comment on the objection, and any such comment may be considered by the board in subsequent proceedings concerning the objection.

8.104.209 NOTIFICATION OF BOARD CONCERNING NEGOTIATIONS ON PLAN (1) By the end of the 30-day negotiating period described in section 90-6-307 (7), MCA, all affected parties shall notify the board in writing of the outcome of their negotiation efforts, clarifying which objections have been resolved and how and which objections still remain in contention. The developer shall provide the board with any mutually agreed upon amendments to the plan. The official copy of the amendments will bear the signatures of the developer's authorized representative, the chairman of the elected governing body of each affected unit of local government, and the chairman of the elected governing body of the county verifying the concurrence of their units of local government with the negotiated amendments.

8.104.210 EX PARTE COMMUNICATIONS WITH BOARD MEMBERS (1) No representative of any party to the plan may communicate with any board member during the 90-day review period or the 30-day negotiation period until the plan has received final approval.

(2) During the 90-day review period and the 30-day negotiation period the board's staff may not communicate with any party concerning the substance of a plan. However, the staff may at any time either on its own initiative



or in response to a request, provide information concerning the technical compliance of a plan with statutes and board rules and the plan review process provided that the information does not relate to the substance or merits of a particular plan. The staff shall maintain a log of any such contact.

8.104.211 IMPLEMENTATION OF APPROVED IMPACT PLAN (1) The hard-rock mining impact account may receive direct industry monies in compliance with the commitment made by the developer in an approved impact plan, to enable the board to transmit payments as provided by the schedule specified in the approved impact plan. The board will distribute these monies to the appropriate affected local government units in accordance with the law and the approved impact plan.

(2) The board will notify the department of state lands if the mineral developer fails to comply with the terms of the approved impact plan.

(3) In implementing an approved impact plan, the affected local government units and the mineral developer shall establish procedures acceptable to the board for transmitting payments and providing information required by statute or rule, including the following:

(i) Each local government unit entitled to receive grants or tax prepayments from a mineral developer as provided by an approved impact plan shall establish an impact fund within its budget. The impact fund budget must reflect tax prepayments, grants or other impact revenues to be received from the developer and expenditures contemplated by the approved impact plan.

(ii) The governing body shall provide the board with a copy of the adopted budget and any budget amendment related to the impact plan and impact fund and a copy of the resolution by which the governing body adopted that budget or budget amendment.

(iii) The affected local governing body may request that the developer make such payments as are provided for in the approved impact plan and as are

unit. The governing body shall send to the board a copy of each such payment request. Each request must identify the name of the local government unit making the request; the date of the request; the name of the mineral developer responsible for making the payment; the amount of the requested payment; whether the request is for a tax prepayment, grant, or other funds; the purpose of the payment as specified in the approved impact plan; and the subaccount within the impact fund into which the payment will be deposited. The request must refer to those pages in the approved impact plan on which the purpose of the expenditure and the financial commitment are specified. The request must bear the signatures of the governing body of the affected local government unit.

(iv) If payment is to be made through the board, the board will deposit monies received from the developer into the hard-rock mining impact account to the credit of the affected local government unit. The board will transmit such payments upon written request from the governing body of the affected local government unit and upon receipt of that documentation specified in (iii) above and in ARM 8.104.214.

(v) If payment is made by the developer directly to the affected local government unit, the developer shall notify the board when the payment is made

Each notice must contain or reference that information required in (iii) of this rule. Forms for requesting, making or acknowledging receipt of payment are available from the board's office.

(vi) The mineral developer and the governing body of the affected local





government unit shall provide the board with a copy of any education impact bond agreement or other bond agreement entered into as a result of an approved impact plan within 15 days of their executing such an agreement. This agreement becomes part of the approved impact plan.

8.104.211A EVIDENCE OF THE PROVISION OF SERVICE OR FACILITY (1) For purposes of section 90-6-307 (12), MCA, the board will accept as evidence that an affected local government unit is providing or is preparing to provide an additional service or facility provided for in an approved plan a letter from the governing body certifying that it is providing or preparing to provide the service or facility and specifying the date on which it is anticipated that the service or facility will be made available. A copy of the local government unit's budget or budget amendment, reflecting the proposed expenditure for the service or facility must accompany or precede the letter.

8.104.212 ADOPTION OF POLICIES OR GUIDELINES (1) From time to time, the board may adopt policies or guidelines relating to its internal operations, to the preparation or content of impact plans, or to the relationship between developers and local government units. These policies or guidelines, which will not have the force or effect of administrative rules, will be compiled and made available for public inspection at the board's administrative office.

8.104.213 MODIFICATION OF PLAN (1) An impact plan or a proposed amendment to an approved plan may be modified during the review period, the negotiation period, or an extension of either, by mutual consent of the developer and the local government units affected by the modification. Modifications must meet the following requirements:

(a) Modification must be submitted in writing to the board and to all

(b) The copy filed with the board must bear the signatures of the developer or its authorized representative and of the governing body of each local government unit that is a party to the modification.

(c) If there is a need to modify the format of the plan and if the modification of format does not affect the substantive provisions of the plan, the governing body of the county may act on behalf of all local government units within the county when it concurs with the modification to format.

(d) Any modification submitted less than 30 days prior to the end of the review period must carry with it a request from the local governing body for an extension which allows a 30-day review of the modification.

(e) All modifications must be incorporated into the plan before the board will approve the plan. The modified plan must comply with the form and content requirements for an impact plan as provided by Parts 3 and 4 of Title 90, Chapter 6 of the Montana Code Annotated and by the Administrative Rules adopted by the hard-rock mining impact board. In the modified plan the table of contents, summary, schedule of payment, and, if a part of the plan, the developer's statement of commitment, must accurately contain and reflect the modifications. Obsolete material must be deleted from the plan through the use of replacement pages that contain the reflect the modifications or, if the obsolete material must be deleted by specific reference.

(f) The board may allow revisions to format following the review or negotiation period, or an extension of either, to the extent that such revisions are necessary to incorporate the modifications into the plan or an



amendment to the plan in order to comply with ARM 8.104.203.

8.104.214 FINANCIAL GUARANTEE OF TAX PREPAYMENTS (1) The financial guarantee required of a developer by section 90-6-309 (3), MCA to assure that property tax prepayments will be paid as needed by local government units shall meet the following requirements:

(a) The guarantee must cover the amount of money the developer has committed to prepay with provisions for any conditional payments provided for in the impact plan and for any prepayments for future fiscal years. Both the total amount covered by the guarantee and the specific purpose of each prepayment must be specified with sufficient clarity that it can be determined that the guarantee corresponds with and is sufficient to the prepayment commitments in the approved impact plan;

(b) The guarantee must make the money accessible to the Board in the event of a default on the part of the developer or the need for the board to resolve a dispute between the developer and an affected local government unit; and

(c) The funds contained in the guarantee mechanism must be protected from all uses not specified in or provided for by an approved impact plan or an approved amendment to the plan.

(2) The financial guarantee must be approved by the Board and in place within 10 days of the issuance of the operating permit by the department of state lands or prior to the time an affected local government unit must incur a financial obligation in implementation of the approved impact plan and in anticipation of revenues protected by the financial guarantee, whichever occurs first.

8.104.215 (reserved)

8.104.216 CONTENTS OF PETITION FOR PLAN AMENDMENT (1) Under certain circumstances the mineral developer or the governing body of an affected county (on its own behalf or on behalf of another affected government unit with the county) may petition the board to amend an approved impact plan. The requirements and procedures for petitioning to amend a plan are provided in section 90-6-311, MCA, and a petition for an amendment must contain, include or identify the following:

(a) When applicable, a copy of a resolution, dated and signed by the governing body of each local government unit that is requesting the amendment, authorizing the county to submit the petition for the amendment of the impact plan.

(b) Date of the petition;

(c) The name of the mineral developer;

(d) County in which mineral development is located;

(e) Name, address, phone number and signature(s) of each petitioner (county and/or mineral developer);

(f) The local government units believed by the petitioner to be affected by the proposed amendment;

(g) As required by section 90-6-311 (2), MCA, an explanation of the need for an amendment, a statement of the facts and circumstances underlying the proposed amendment, and a description of the mitigative measures proposed by the petitioner.

(h) The costs and commitments identified in the approved plan which will be changed as a result of the proposed amendment with page citations to the plan;





(i) Any other provisions of the approved plan which will be changed by the proposed amendment citing the pages of the plan on which these provisions are found.

(j) A statement as to which of the following is the legal basis for the petition:

(i) that the plan, itself, provides for amendment under certain condition and that those conditions have been met. (The specific conditions must be specified, the pages of the plan on which they are established must be cited, and the petitioner must establish that the conditions have been met.);

(ii) that employment at the large-scale mineral development is forecast to increase or decrease by at least 75 persons, as determined under section 90-6-302 (4), MCA, over or under the employment levels contemplated by the approved impact plan;

(iii) that the approved impact plan is materially inaccurate because of errors in assessment and that two years have not elapsed since the date the facility began commercial production (the date the facility began commercial production must be indicated); or

(iv) that the governing body of an affected county and the mineral developer are joining in the petition to amend the impact plan.

8.104.217 WAIVER OF IMPACT PLAN REQUIREMENT (1) The board will grant a waiver or a conditional waiver of the impact plan requirement to large scale-mineral development permittees, as authorized by section 90-6-307 (14), MCA, if:

(a) The permittee and the governing bodies of all potentially affected local government units, as identified by the board and the affected county or counties, notify the board in writing that:

(i) they do not anticipate a need to increase local government services and facilities as a result of the increase in employment identified in the permittee's annual report to the department of state lands; or

(ii) the anticipated increase in need for services and facilities is not expected to result in an increase in local government costs to the non-developer taxpayer, whether as a result of the increase in employment or as a result of stipulations to a conditional waiver;

(b) No potentially affected local government unit requests the board to deny the waiver or to require an impact plan; or

(c) Following a public hearing on the proposed waiver, or notice and opportunity for a hearing, the board considers it unlikely that adverse fiscal impacts will affect any local government unit, either as a result of the increase in employment identified in the permittee's annual report, as required by 82-4-339, MCA, or as a result of the associated changes in the mining operation.

(2) Following its decision, the board will provide a copy of the waiver, conditional waiver or denial of waiver to the department of state lands, the permittee and the potentially affected local government units identified by the board and the affected county or counties for purposes of 90-6-307 (14), MCA.

#### Sub-Chapter 2

### Rules Governing Awarding of Grants

8.104.301 GENERAL PROVISIONS (1) In the event monies are made





available to the hard-rock mining impact account for the purposes of grants to be made by the board, the board will receive and review applications and award grants on the basis of local need; severity of impact from mineral development; the extent of local effort in meeting local needs; and the availability of grant funds. In receiving applications and awarding grants, the board will use the procedures outlined in the following rules.

8.104.302 CONTENT OF GRANT APPLICATIONS (1) Following an inquiry by the applicant, the board will provide an application form requesting such information as is necessary to allow the board to verify the eligibility of the applicant, to evaluate the application and, if necessary, to establish priorities among eligible applications.

(2) Items to be included in the application will be the name of the applicant; a description of the proposed project; a discussion of the need the project is intended to meet; how the specific project will meet that need; local priority for the project and how that priority was established; the relationship of the proposed project to a major hard-rock mineral development; the relationship of the proposed project to appropriate local plans; relevant budgetary information, including estimated cost of project and how it is to be financed initially and over time; a summary of current and projected revenues, revenue sources, expenditures, bonding capacity and indebtedness; and such additional information as the board may consider appropriate to the specific type of application.

(3) Information about the grant program and the requisite forms will be made available from the board's administrative office.

8.104.303 SUBMITTAL DEADLINES (1) Applications shall be submitted to the administrative office no less than 30 days prior to board consideration.

8.104.304 APPLICATION REVIEW PROCESS (1) The Board will utilize an appropriate application process.

8.104.305 CONTRACT WITH SUCCESSFUL APPLICANT (1) Upon the awarding of a grant, an appropriate contractual agreement will be executed between the hard-rock mining impact board and the local government unit.



## FORMAL STATEMENT OF POLICIES AND GUIDELINES

Updated September, 1987

The Hard-Rock Mining Impact Board has adopted the following policies and guidelines to facilitate implementation of the Hard-Rock Mining Impact Act and the companion Property Tax Base Sharing Act. Policies and guidelines are formulated for clarification and guidance only and are not intended to have the force or effect of administrative rule.

Policies and guidelines are adopted, amended, or deleted in the course of the Board's public meetings and are compiled and made available for public inspection in the Board's Administrative Office. To ensure the public's continued awareness of its intention to adopt policies and guidelines as well as rules, the Board has included the following statement in the Administrative Rules of Montana:

Adoption of Policies or Guidelines: (1) From time to time the Board may adopt policies or guidelines relating to internal operations, to the preparation or content of impact plans, or to the relationship between developers and local government units. These policies and guidelines, which will not have the force or effect of administrative rules, will be compiled and made available for public inspection at the Board's Administrative Office.

[ARM 8.104.212]

NOTE: This policy was adopted in 1982. Since that time both the statutory and rulemaking authority of the Board has been expanded. The Board has discussed changing the first sentence of the rule to reflect these changes:  
"From time to time the Board may adopt policies or guidelines relating to internal operations, the preparation or content of impact plans, the relationship between developers and local government units, or other matters over which the Board has administrative or quasi-judicial authority."

In addition to this compilation of policies, the Board maintains a full set of all material presented to the Board by its staff at each meeting, including the minutes of previous meetings. This material is also available for public inspection at the Board's Administrative Office.

For ease of reading, Board policies and guidelines are presented here in four categories:

- A. General Policies.
- B. Policies Related to the Preparation, Review, Implementation and Amendment of an Impact Plan.
- C. Policies Related to the Operations of the Board.
- D. Policies Related to the Hard-Rock Mining Impact Trust Account Grant-Loan Program.



## A. GENERAL POLICIES

1. The major responsibilities of the Board are: (a) to encourage and facilitate cooperation among mineral developers and local government units in the preparation, review, implementation, and amendment of their hard-rock mining impact plans; (b) to clarify provisions of the Hard-Rock Mining Impact Act as needed; (c) to resolve formal objections to proposed impact plans or impact plan amendments; (d) to carry out administrative responsibilities as provided by the Impact Act and the Property Tax Base Sharing Act and as contemplated in the Statements of Intent attached to the Acts or to subsequent amendatory legislation; and (e) to administer the Hard-Rock Mining Impact Trust Account and grant-loan program for mitigation of adverse fiscal and economic impacts resulting from mine workforce reduction and mine closure.
2. The Board recognizes a need to adopt policies and guidelines in the course of open meetings to help mineral developers and local government units identify and resolve differing interpretations of the Hard-Rock Mining Impact Act, in order to establish interpretations and procedures that are consistent with the language and purpose of the Act and, to the extent possible, that are mutually acceptable to the affected parties.
3. The Board invites interested persons to attend Board meetings and to participate as appropriate in discussions of issues before the Board.
4. The Board will work cooperatively with mineral developers, local government units, citizen groups, legislative committees and other agencies concerned with the implementation of the Hard-Rock Mining Impact Act and the Property Tax Base Sharing Act.
5. While by no means indifferent to the substance, quality, or effect of the Hard-Rock Mining Impact Act, the Board recognizes its quasi-judicial role and at this time does not wish to take any official position on disputed substantive issues related to the Act.
6. In recognition of the cooperative effort necessary to mitigate the potential adverse impacts of resource development and in order to carry out its statutory responsibilities, the Board intends to develop and to encourage a better understanding of hard-rock mineral development and of the process of assessing, planning for and mitigating adverse fiscal and economic impacts to local communities resulting from mineral development.

## B. POLICIES RELATED TO THE PREPARATION, REVIEW, IMPLEMENTATION AND AMENDMENT OF A HARD-ROCK MINING IMPACT PLAN

1. The Board encourages mineral developers and affected local government units to cooperate in the preparation and implementation of the impact plan.
2. The Board encourages the developer to consider inviting affected local government units to review a draft of the proposed impact plan before submitting the plan for formal review, in order to identify potential major issues and to refine details of the proposed plan.





### 3. Outline of an Impact Plan

An impact plan reasonably consists of more than the identification of when, how, by whom and to whom specific local public sector impact costs will be paid. The Hard-Rock Mining Impact Act calls for review of the impact plan by the affected local governments and by the Hard-Rock Mining Impact Board in case there is disagreement between the developer and the affected local governments over sections of the plan. The Board suggests that the plan should contain, directly or by reference, such planning information, data, assumptions or analyses as are needed to allow a reasonable review of its conclusions about public service impacts and financing and the manner by which the conclusions are reached. To aid in this review, the impact plan should make clear distinctions among, and show the relationships of, the following factors affecting local government units:

- i) current population;
- ii) current capacities, adequacy, and maintenance and operating requirements of facilities and services;
- iii) current revenues and expenditures;
- iv) levels and timing of anticipated population changes without the proposed mining project;
- v) effects over time on facilities, services, revenues and expenditures of anticipated population or economic changes without the mining project;
- vi) proposed timetable for the mineral development, including the anticipated opening and closing dates;
- vii) timing, level, and nature of anticipated population changes resulting from the proposed mining project;
- viii) anticipated effects of the population or activities resulting from the proposed mining project on local government facilities and services:
  - (a) where (by community)
  - (b) what (capital facility, equipment, staffing, maintenance and operating requirements and so forth) and
  - (c) when (by year of need including planning, elections required, if any, construction, maintenance and operating requirements, and so forth).

(Preferably, items ii and viii should be parallel formats with iii to vii providing the connecting links.)

- ix) anticipated effects of the mineral development on public sector revenues by year;
- x) a clear identification of when and how the project-related local government facility and service needs will be met, including at least:
  - (a) need (what, where, when the need will occur);
  - (b) timing, source, method, and amount of financing to meet these increased costs, including the required time schedule;
  - (c) increased capital and operating costs to the local government unit for providing each affected service; and
  - (d) timing, source, method, and amount of financing to meet these increased costs, including the required time schedule;
- xi) type, amount and timing of local government planning-related





expenses that were appropriately incurred as a consequence of the proposed large-scale mineral development prior to the approval of the impact plan and the method, amount and time schedule of the developer's payment of these impact costs to the affected local government unit;

- xii) additional policies or activities of the developer that will significantly help prevent or mitigate potential adverse impacts; and
- xiii) key assumptions and methodologies employed in the preparation of the plan that need to be articulated to allow adequate review of the plan.

Although not specifically required, the developer and affected local governments may wish the impact plan to contain or clarify:

- i) existing and proposed local government policies or activities that will significantly help prevent or mitigate potential adverse impacts;
- ii) provisions that allow for adequate flexibility within the plan itself for adjustments to be made as the plan is implemented, if changes are warranted in the future because of currently unanticipated circumstances;
- iii) provisions that would clarify what recourse or protection, if any, would be available to affected local governments for recovering any project-related indebtedness if the mining project should be significantly delayed or cancelled prematurely; and
- iv) specific concerns or expectations regarding the implementation of the plan such as monitoring requirements and "if/then" triggers and consequent actions.

The Board feels this information may help in evaluating the impact plan in case the Board must adjudicate disputes.

4. The plan must include a list of potentially affected local government units [ARM 8.104.203]. The Board encourages the county, other local governmental units and the developer to prepare a list of the names and addresses of local government units, their representatives and others to whom the plan is to be provided for review and implementation purposes. This list when prepared is to be filed with the Hard-Rock Mining Impact Board.
5. The county is required to publish notice of the receipt of the plan [90-6-307(1), MCA]. The Board requests the county to publish the required notice of receipt of the plan in a large, readable format and as soon as possible after receipt of the plan.
6. As provided by 90-6-307, MCA the "estimated number of persons coming into the impact area as a result of the development" is to be determined by the developer and the affected units of local government. The population ~~of the impact area~~ phrase is to be defined in the plan and the number of anticipated immigrants is to be specified, as required by the Hard-Rock Mining Impact Act and, if applicable, by the Property Tax Base Sharing Act.



The Board may be called upon to help define the term or to estimate the number only if a dispute arises under the provisions of section 90-6-307 or 90-6-311, MCA.

Local government impacts resulting from persons moving into the area as a result of the mineral development and any financial or other obligations of the developer must be specified in the impact plan. The estimated number of persons and the obligations of the developer that appear in an approved plan can only be changed by the amendment procedure outlined in Section 90-6-311, MCA.

7. Large-scale mineral developers and affected local government units are responsible to ensure that the impact plan complies with all statutory and regulatory requirements. [The Board invites affected local government units, developers of new large-scale mineral developments, and mine permittees who attain large-scale status as defined by the Hard-Rock Mining Impact Act to submit draft proposed impact plans to the Board's staff for an informal technical compliance review, if they should wish to do so, prior to submitting the plan for the formal 90-day review required by statute.] [Staff will carry out its review as expeditiously as possible.] **Board Action**
8. The Board has prepared a guide and other materials to assist mineral developers, affected local government units and other interested persons with the implementation of the Hard-Rock Mining Impact Act and the Property Tax Base Sharing Act. These publications contain and reflect additional policies or interpretations of the Board. Through its rules, policies and publications, the board is attempting to facilitate legally sound and equitable interpretation of the Board's legislation. The Board also intends these policies, rules and publications to serve as guidance for the board itself, to ensure consistent and equitable interpretations when the Board is called upon to carry out its quasi-judicial responsibilities as adjudicator of disputes.

#### C. POLICIES RELATED TO THE OPERATIONS OF THE BOARD

1. The Board members will elect from among themselves their Chairman and Vice-Chairman for terms of office to be determined by the Board.
2. All travel by Board members at other than Board meetings should be approved in advance by the Chairman, if the Board member is to be reimbursed his authorized expenses.
3. The Board will refer unresolved internal legal questions to its legal staff for review and recommendation prior to deciding upon a further course of action.
4. Recognizing the Board's unique authority to hire its own professional staff and recognizing the Board's attachment to the Department of Commerce for administrative purposes, the Board authorizes its professional staff to serve as a resource for the Department, provided always that the first priority of the staff is to meet the needs of the Board and those whom it most directly serves. In this regard, the Board supports the Governor's





appointment of the Board's administrative officer as the State's economic development representative on the Balance of State-Private Industry Council.

5. Upon its receipt of the impact plan, the Board will remind the county of its responsibility to issue notice and will request that a copy of the notice be sent to the Board.
6. The developer is required to provide the Board with proof that the impact plan has been submitted to the affected counties: 90-6-307(1); MCA; ARM 8.104.205. Consistent with ARM 8.104.205, the Board will determine what constitutes adequate proof of submission on a case-by-case basis upon receipt of the developer's evidence of submission.
7. At the end of the 90-day plan review period, the Board will determine whether objections have been filed. If no objections have been filed, the Board will acknowledge that the plan stands approved.

The Board will notify the Department of State Lands upon receipt of the developer's written guarantee of compliance with the commitments and time schedule in the approved plan.

8. If unresolved objections remain at the end of the negotiating period, the Board will:
  - a. direct its legal council to issue the required public notice that the requisite public hearing will be held in the most affected county,
  - b. hold the public hearing; and
  - c. after the public hearing on objections to an impact plan, will serve on all affected parties the Board's findings and amendments to the impact plan, if any. The Board will serve the amended plan in its entirety only if the Board determines the amendments to be so extensive as to warrant serving the entire plan.
9. The Board will submit its findings and the approved plan as amended to the developer by registered mail with return receipt.

develop some procedures which do not necessarily warrant inclusion in a policy statement. However, if the Board appears to have arrived at a de facto policy as a matter of habitual practice or tacit concurrence, the Board is invited to request the Board to clarify its position.

#### **D. POLICIES FOR THE GRANT AND LOAN PROGRAM**

The Board has formulated and adopted the following policies and proposed rules for the hard-rock mining impact trust account grant and loan program.

#### **PROPOSED RULES**

The Board, at its August 13, 1987 meeting, approved the following as proposed rules for administering the Hard-Rock Mining Impact Trust Account Program. These proposed rules are to be listed with and remain as Board policy until such time as the Board feels they should be formally adopted through the





Administrative Rule making process.

PROPOSED RULE I. DETERMINATION OF WORKFORCE REDUCTION OR CESSATION OF MINING-RELATED ACTIVITY

- (1) Upon request by an affected mineral developer or a potentially affected local government unit, the board will determine whether a mining operation has permanently ceased all mining-related activity or has experienced at least a 50 percent reduction in its full-time equivalent mining workforce over the immediately preceding 5-year period.
- (2) If the board determines that such a workforce reduction or cessation has occurred, it will notify the affected mineral developer, the county and school districts in which the mine is located, and the municipality located nearest to the mine. It will also publish a notice of its determination in a newspaper of general circulation in the affected county or counties. The board's notices will include a brief description of the grant-loan program for local government units and areas determined by the board to have been adversely affected by a cessation or reduction of mining activity.

[The reason for adopting proposed Rule I is to clarify and implement the requirement of section 90-6-321(1), MCA, that the board determine whether a reduction in mining workforce or cessation in mining-related activity has occurred.]

PROPOSED RULE II. DESIGNATION OF LOCAL GOVERNMENT UNITS AND AREAS IMPACTED BY THE CESSATION OR REDUCTION OF MINING ACTIVITY

- (1) After the board has determined that a mineral development has ceased all mining-related activity or has experienced a 50% reduction in workforce, any local government unit or group of local government units located in the potential impact area may apply to the board for designation as an impacted local government unit or area. The applicant for designation shall provide the board with appropriate documentation, based on the criteria in (2), which demonstrates that it has experienced or will experience adverse fiscal or economic impacts as a result of the workforce reduction or cessation of mining-related activity identified by the board. Based on this documentation and upon its own evaluation, the board will designate the local government units and areas which are impacted by the cessation or reduction in mining-related activity.
- (2) The board will consider for designation any local government unit or jurisdictional area which:
  - (a) includes the affected mineral development in its taxing jurisdiction and is likely to experience a reduction in taxable valuation as a result of the cessation or reduction in mining-related activity;
  - (b) is the place of residence for mine-related employees and provides services to those employees and their families;
  - (c) is a school district in which children of mine-related employees are enrolled; may experience a reduction in enrollment with a consequent loss of revenue from the state school foundation program in amounts greater than related reductions in operating costs;



- (d) may experience a temporary need to provide additional services related to the effects of the reduction or cessation of mining-related activities;
  - (e) has incurred bonded or other indebtedness as a result of serving a mine-related population;
  - (f) provides significant public or private sector services as a result of the mineral development;
  - (g) was designated as an affected local government unit in an approved impact plan; or
  - (h) can document a reasonable expectation of adverse fiscal or economic impact, including adverse impact to the local labor force.
- (3) Designated local government units in any impact area for which a county subaccount has been established under section 90-6-322, MCA, may apply for grants and loans from the appropriate hard-rock mining impact trust subaccount to help mitigate adverse fiscal and economic impacts resulting from the workforce reduction or cessation of mining-related activity.

[The reason for adopting proposed Rule II is is to comply with the requirement of Section 90-6-322, MCA, that the board adopt rules that provide a procedure for designating local government units and areas impacted by the cessation or reduction of mining-related activity. A local government unit or the community it serves may be affected by loss of tax base and tax revenue from the development itself or from employees at the development, by increased demands on specific local government services, or by the loss of other employment opportunities or economic base as a result of the cessation or reduction in mine-related activity.]

## POLICIES

### 1. GENERAL PROVISIONS

- (1) The board will initiate its determination of whether a mining operation has experienced at least a 50 percent reduction in workforce or has permanently ceased mining-related activity following a written request from the affected mineral developer or from a potentially affected local government unit.
- (2) In determining whether a mining operation has experienced a 50 percent reduction in "full-time equivalent workforce" or has "permanently ceased all mining-related activity," the board interprets 90-6-321, MCA as follows:
  - a. "All mining-related activity" applies to mining and to associated milling that occurs in close proximity to the mine site.
  - b. "All mining-related activity" does not extend to post-mining reclamation activities. The commencement of permanent post-mining reclamation is considered an indication that a permanent cessation of mining-related activity has occurred.
  - c. "Full-time equivalent workforce" will be as defined by the federal Wage and Hour Act and by the Montana Department of Labor and Industry.



- (3) The grant and loan program relates to the workforce reduction or closure only of mines that have incurred a metal mines license tax liability after December 31, 1984.
- (4) Section 90-6-322(2), MCA provides that the board determines to what degree a local government unit is directly impacted by a cessation or reduction in mining-related activity. The board interprets this as constituting an affirmation of the board's decision-making authority, rather than as a requirement for a separate decision which would have no meaning outside the context of specific applications for grants and loans.
- (5) The board will maintain data by mine within each county subaccount to assist the board in determining how much money to make available for grants and loans following a workforce reduction or closure in a county with two or more mines that pay metal mines license tax.
- (6) The board will determine local need and severity of impact on a case by case basis, in a manner consistent with the statute.
- (7) Any interest received by the board in repayment of a loan will be credited to the subaccount from which the loan is made.

## 2. GENERAL PROVISIONS AND LIMITATIONS ON GRANT AND LOAN APPLICATIONS

- (1) The board will award grants or loans from the hard-rock mining impact trust account only to those local government units designated by the board.
- (2) The amount of money available for grants or loans to designated local government units as the result of a mine workforce reduction or closure will not exceed the balance of the metal mines license tax revenue in the hard-rock mining impact trust account subaccount for the county in which the mine is located. The board may further limit the amount of money available for grants or loans as a result of a specific cessation or reduction in mining-related activity, if such limitation is needed to protect the interests of local government units and communities that may experience further adverse impacts at a later time.
- (3) Not more than 50 percent of the money available in the hard-rock mining impact trust account will be granted or loaned for the purpose of assisting local government units as provided under (a) and (b) of 90-6-321(1), MCA or (a) or (b) of policy 3, that is, for purposes of decreasing unusually high mill levies or retiring local government debts. The board interprets "available" as applying to the amount accumulated in a given subaccount over time.
- (4) The reason for adopting policy 4 is to consolidate in a single policy statement the general statutory requirements for and limitations to grants and loans awarded from the hard-rock mining impact trust account.





### 3. PURPOSE AND BASIS FOR AWARDING GRANTS AND LOANS FROM THE HARD-ROCK MINING IMPACT TRUST ACCOUNT

- (1) The board will receive and review applications and in its discretion may award grants and loans for the purpose of assisting designated local governments to:
  - (a) pay for outstanding capital project bonds or other expenses incurred at least 5 years prior to the end of mining activity or the 50 percent of greater reduction in workforce;
  - (b) decrease unusually high property tax mill levies that are directly related to the cessation or reduction of mining activity;
  - (c) promote diversification and development of the economic base within a local government unit;
  - (d) attract new industry to the impact area; and
  - (e) provide cash incentives for expanding the employment base of the impact area.
- (2) The board will review applications and award grants or loans to designated local government units on the basis of:
  - (a) local need;
  - (b) severity of impact from mineral development workforce reduction or closure;
  - (c) extent of local effort in meeting local needs;
  - (d) the availability of funds within the appropriate subaccount and subject to the limitations specified in policy 3(1) above; and
  - (e) the appropriateness and ability of the proposed project or expenditure to meet the identified need or to mitigate the adverse fiscal or economic impact of the development.
- (3) The reason for adopting policy 3 is to consolidate in one policy statement the purpose and basis for awarding grants and loans from the hard-rock mining impact trust account.

### 4. CONTENT OF GRANT AND LOAN APPLICATIONS.

- (1) In applying to the board for a grant or loan from the hard-rock mining impact trust account, the designated local government unit shall provide the following information:
  - (a) Name of the applicant local government unit and the county in which it is located;
  - (b) Name of the affected mine and the county in which it is located;
  - (c) Description of the adverse fiscal or economic impact which has resulted or is expected to result from the cessation or reduction in mining-related activity;
  - (d) Description of the project or purpose for which the grant or loan is being requested;
  - (e) Description of how the proposed project or financial assistance will help to mitigate the adverse fiscal or economic impact of the cessation or reduction of mining-related activity;





- (f) The amount of money being requested and whether the application is for a grant or loan;
  - (g) If the application is for a loan, the source of revenue from which the loan is to be repaid;
  - (h) The source and amount of other revenues or in-kind services, if any, expected to be used for the proposed project or purpose for which a grant or loan is being requested, and other documentation of the extent of local effort in meeting local needs;
  - (i) Citation of the statute which authorizes the applicant to provide or finance the service or facility for which a grant or loan is being requested;
  - (j) If the application is for a loan, citation of the statute which authorizes the applicant to incur indebtedness for the purpose for which the loan is being requested;
  - (k) A resolution signed by the affected local governing body certifying that it is submitting the application, that the purpose of the application is consistent with overall community planning, and that to the best of its knowledge the application contains accurate information; and
  - (l) Such other information as may be considered relevant by the applicant or as may be requested by the board.
- (2) Information about the grant and loan program and an application form will be available from the board's administrative office.
  - (3) The reason for adopting policy 4 is to specify what information and form will be available from the board's office, and to notify potential applicants that the board may request additional information.

## 5. APPLICATION REVIEW PERIOD AND SUBMITTAL DEADLINE.

- (1) Following its designation of local government units and areas impacted by the reduction or cessation of mining-related activity, the board will establish one or more application periods within which it will receive applications for grants or loans from the designated local government units.
- (2) Applications must be submitted to the administrative office no less than 60 days prior to board consideration. Exceptions may be made for imminent threats to public health, safety and welfare at the board's discretion.
- (3) The reason for adopting policy 5 is to notify applicants that the board will establish a review period and a submittal deadline.

## 6. PROCEDURE FOR REVIEWING APPLICATIONS AND AWARDING GRANTS AND LOANS.

- (1) The board will utilize an application review procedure, which may vary depending on the severity of the impacts, the number and



complexity of the applications, and limitations on the money available from the subaccount.

- (2) Upon receipt of the applications to be considered within the review period, the board will evaluate the merits of each application according to:
  - (a) the criteria specified in policies 4 and 5;
  - (b) the comparative merits of all applications within the same category, that is, for fiscal impact or economic impact; and
  - (c) the merits of the applications when considered in the context of other anticipated demands upon and deposits to the affected subaccount.
- (3) After reviewing the initial grant or loan applications, the board may request additional information from applicants, may eliminate some applications from further consideration, and may conduct further evaluation of the remaining applications.
- (4) The reason for adopting policy 6 is to notify potential applicants that the board will use an application review process appropriate to the quantity, quality, and complexity of the applications and the limitations on grant and loan awards, including the availability of funds.

#### 7. FINANCIAL AWARDS AND LOAN INTEREST RATES.

- (b) whether the award is to be a grant or a loan, or a combination of the two; and
  - (c) if a loan is to be awarded, the term of the loan, the rate of interest, when interest payments are to begin, and the schedule of principal and interest payments; and
  - (d) what conditions or stipulations, if any, will attach to the award.
- (2) The reason for adopting policy 7 is to provide notice that the amount and conditions of the awards, including the terms and interest rates of loans, will be established by the board on a case-by-case basis when the award is made. This does not prevent subsequent modifications by the board and the recipient of the grant or loan.

#### 8. CONTRACT WITH SUCCESSFUL APPLICANT.

- (1) Upon the awarding of a grant or loan, an appropriate contractual agreement will be executed between the hard-rock mining impact board and the local government unit.
- (2) The reason for adopting policy 8 is to establish the contractual nature of grant and loan awards accepted by designated local government units.



## APPENDIX B

### BASELINE ECONOMIC AND DEMOGRAPHIC CONDITIONS





## APPENDIX B

### BASELINE ECONOMIC AND DEMOGRAPHIC CONDITIONS

#### A. Economic Environment

##### 1. Definition of Economic Study Area

The proposed silver, lead, zinc, and gold underground mine is located in Butte-Silver Bow County, Montana, near the municipality of Walkerville. For the purpose of this report, the economic study area is limited to Butte-Silver Bow County including the municipality of Walkerville.

##### 2. Employment

Since the early 1880s, employment in the study area has been dominated by mining. Through the 1960s, mining was highly labor intensive, a trend which began to reverse itself by 1970. In 1970, employment in the Butte-Silver Bow mining sector was 3,356 or 21 percent of all jobs in the county (Table 1). By 1981, mining employment had declined by over 50 percent from 1970 levels to 1,517 jobs. Other major layoffs in mining in Butte-Silver Bow occurred during 1981 (561 jobs) and 1982 (483 jobs). By 1984, there were only 186 persons employed in the mining industry in Butte-Silver Bow.

In addition to the loss of employment in the mining sector, jobs were reduced in 1983 when Safeway, Inc. closed its distribution center in Butte and Stauffer Chemical Company reduced its production staff. By 1984, total employment in Butte-Silver Bow had reached an all time low of 15,070 jobs.

Since 1984, total employment has increased in Butte-Silver Bow by approximately 200 jobs per year. Most of this increase has been a result of renewed mining activity. In 1986, Montana Resources, Inc. resumed mining at the Berkeley Pit, adding 300 new mining jobs to the area economy. Other major employers in Butte-Silver Bow include the Montana Power Company (861



APPENDIX B - TABLE 1

EMPLOYMENT BY INDUSTRY, BUTTE-SILVER BOW COUNTY, 1970 AND 1980-86

Employment Sector	1970	1980	1981	1982	1983	1984	1985	1986
Total Employment	16,148	17,038	17,553	16,238	15,509	15,070	15,237	15,428
Farm	115	136	149	153	158	153	150	151
Nonfarm	16,033	16,902	17,404	16,085	15,351	14,917	15,087	15,277
Private	13,639	13,424	14,125	13,263	12,690	12,241	12,479	12,743
Agricultural Services	75	33	32	43	51	43	38	40
Mineral	3,356	1,312	1,517	956	473	186	295	417
Construction	548	766	584	580	562	580	549	515
Manufacturing	706	645	586	583	513	517	508	511
Transportation, Communication, and Public Utilities	757	717	1,553	1,617	1,578	1,541	1,363	(D)
Wholesale Trade	1,011	852	857	832	852	818	738	674
Retail Trade	2,819	3,545	3,443	3,248	3,220	3,088	3,250	3,269
Finance, Insurance, and Real Estate	696	770	816	828	817	854	883	915
Services	3,671	4,784	4,737	4,576	4,624	4,614	4,855	(D)
Government	2,394	3,478	3,279	2,822	2,661	2,676	2,608	2,334
Federal (civilian)	314	475	455	358	344	332	351	374
Federal (military)	331	247	204	195	223	216	204	219
State and Local	1,749	2,756	2,620	2,269	2,094	2,128	2,053	1,941

Appendix B  
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Notes: Data may not add to totals due to rounding.  
(D) = Data not shown to avoid disclosure.

Source: U.S. Department of Commerce, Bureau of Economic Analysis, May 1988.



employees); St. James Community Hospital (685 employees); Montana College of Mineral Science and Technology (550 employees); Montana Resources, Inc. (320 employees); Western Energy/Entech (244 employees); Mountain States Energy (171 employees); Stauffer Chemical (175 employees); and Rivendell of Montana<sup>1</sup> (100 employees) (Butte-Silver Bow June 1986).

Between 1980 and 1986, the unemployment rate for Butte-Silver Bow rose as jobs were lost within the mining industry. In 1986, the unemployment rate was 10.2 percent compared to the statewide average of 8.1 percent. By 1987, the unemployment rate for Butte-Silver Bow had dropped to 9.2 percent, reflecting the additional jobs created in the mining industry.

Baseline employment projections for Butte-Silver Bow were made using Bureau of Economic Analysis (BEA) projected, Montana-specific, industrial growth rates (U.S. Department of Commerce, Bureau of Economic Analysis). The BEA expected growth rates were in turn applied to the 1985 reported employment in Butte-Silver Bow and employment by sector was projected to year 2035 (Table 2). Attachment A to this Appendix describes in detail the methodology used to project employment for Butte-Silver Bow.

Total employment is projected to grow at an annual growth rate of 0.5 percent, from 15,237 in 1985 to 20,325 jobs by year 2035 (Table 2). While this growth rate is a reversal of historic growth, it is less than the projected growth rate for the state as a whole. Most of the growth is projected to occur in the private sector. Employment within the

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<sup>1</sup>Rivendell of Montana opened in mid-September 1988 with 55 employees. Employment is expected to reach almost 100 employees.



APPENDIX B - TABLE 2

ACTUAL AND PROJECTED EMPLOYMENT IN BUTTE-SILVER BOW COUNTY,  
BY INDUSTRY, 1980 TO 2035

Employment Sector	Actual			Projected				
	1980	1985	1990	1995	2000	2005	2015	2035
Total Employment	17,038	15,237	16,100	17,374	18,511	19,406	20,170	20,325
Farm	136	150	151	151	151	150	146	141
Non-farm	16,902	15,087	15,948	17,223	18,360	19,256	20,024	20,184
Private	13,424	12,479	13,339	14,586	15,670	16,509	17,268	17,512
Agricultural	33	38	41	48	53	57	60	61
Services								
Mining	1,312	295	597	659	709	748	781	797
Construction	766	549	578	604	634	657	673	666
Manufacturing	645	508	533	560	581	594	601	594
Transportation, Communication, and Public Utilities	717	1,363	1,410	1,501	1,597	1,683	1,747	1,769
Wholesale Trade	852	738	760	821	879	945	997	1,030
Retail Trade	3,545	3,250	3,367	3,626	3,849	4,019	4,158	4,162
Finance, Insurance, and Real Estate Services	770	883	934	1,049	1,150	1,237	1,324	1,370
	4,784	4,855	5,114	5,718	6,218	6,570	6,927	7,064
Government	3,478	2,608	2,600	2,637	2,690	2,747	2,756	2,672
Federal (civilian)	475	351	351	351	354	359	356	343
Federal (military)	247	204	201	204	204	204	204	204
State and Local	2,756	2,053	2,05	2,082	2,133	2,184	2,196	2,125

Note: Data may not add to totals due to rounding.

Sources: 1) U.S. Department of Commerce, Bureau of Economic Analysis, May 1982.  
2) Economic Consultants Northwest, Helena, Montana.





transportation and utilities sector is expected to increase 30 percent over the projection period, while employment in the retail trade and the service sectors are expected to increase 28 percent and 45 percent, respectively. Employment in the government sector is projected to increase only marginally (approximately 2 percent) over the projection period.

While the State of Montana has languished in a recession since 1980, Butte-Silver Bow has been very progressive in developing and attracting new industry. Major employers that have started operation since 1980 include Montana Resources, Inc., Mountain States Energy, Rivendell of Montana, and Entech (a subsidiary of Western Energy). In addition, Butte-Silver Bow is in the process of developing a centralized transportation HUB facility, which will create an additional 22 jobs.

### 3. Income

Total earnings in Butte-Silver Bow has doubled between 1970 and 1980, but since 1980, no real growth in earnings has occurred (Table 3). In 1970, total earnings were dominated by the mining industry when nearly 3 out of every 10 dollars were earned through this sector of the economy. By 1986, earnings became more diversified, with mining accounting for only 5 percent of total earnings. Major sources of earnings in Butte-Silver Bow in 1986 were government jobs (18.6 percent) and retail trade (13.0 percent).

Earnings by sector for Butte-Silver Bow were projected using BEA growth rates for Montana-specific industries (U.S. Department of Commerce, Bureau of Economic Analysis) and by applying these projected growth rates to 1985 earnings data (Table 4). Attachment A to this Appendix describes in detail the methodology used to project earnings for Butte-Silver Bow.



APPENDIX B - TABLE 3

EARNINGS BY MAJOR SOURCE, BUTTE-SILVER BOW COUNTY, 1970 AND 1980-86  
(In Thousands of Current Dollars for Applicable Years)

Earnings by Source	1970	1980	1981	1982	1983	1984	1985	1986
Total Earnings	110,006	\$ 247,000	284,707	\$ 276,365	\$ 275,616	\$ 258,440	\$ 260,992	\$ 271,952
Farm	263	\$ 50	\$ (154)	\$ (423)	\$ 412	\$ 499	\$ 690	\$ 642
Nonfarm	109,743	246,49	284,861	276,788	275,204	257,941	260,302	271,310
Private	94,700	198,26	233,478	229,712	226,207	207,683	209,193	220,718
Agricultural								
Services	283	37	405	406	609	548	486	528
Mining	34,496	42,43	50,507	39,865	25,951	9,103	10,375	14,669
Construction	4,905	17,02	12,883	12,640	12,650	13,620	12,883	12,103
Manufacturing	5,847	12,07	12,239	12,664	11,519	12,468	12,446	12,482
Transportation, Communication, and Public Utilities	6,286	13,93	38,233	44,776	45,555	44,349	39,640	(D)
Wholesale Trade	8,874	14,67	15,429	16,045	17,139	16,868	13,944	12,545
Retail Trade	14,137	35,77	35,819	34,896	38,858	33,280	35,119	35,363
Finance, Insurance, and Real Estate	4,300	7,43	7,994	7,773	9,044	9,626	10,334	11,616
Services	15,572	54,53	59,969	60,647	64,882	67,821	73,966	(D)
Government	15,043	\$ 48,23	\$ 51,383	\$ 47,076	\$ 48,997	\$ 50,258	\$ 51,109	\$ 50,592
Federal (civilian)	3,449	9,67	9,744	8,279	8,689	8,986	9,757	10,189
Federal (military)	408	91	1,109	1,275	1,546	1,482	1,424	1,598
State and Local	11,186	37,64	40,530	37,522	38,762	39,790	39,928	38,805

Notes: Data may not add to totals due to rounding.  
(D) = Data not shown to avoid disclosure

Source: U.S. Department of Commerce, Bureau of Economic Analysis, May 1988.



APPENDIX B - TABLE 4

ACTUAL AND PROJECTED EARNINGS IN BUTTE-SILVER BOW COUNTY  
BY INDUSTRY, 1980 TO 2035  
(in thousands of 1985 Dollars)

Earnings by Industry	Actual		Projected				
	1980	198	1990	1995	2000	2005	2035
Total Earnings	\$320,499	\$260,9	\$330,624	\$344,629	\$389,454	\$438,824	\$624,937
Farm	\$658	\$6	\$799	\$812	\$827	\$845	\$900
Non-farm	319,841	260,3	29,825	343,817	388,627	419,978	501,071
Private	257,253	209,1	26,102	285,460	324,794	331,164	421,671
Agricultural Services	485	4	545	683	821	962	1,178
Mining	55,065	10,3	2,960	27,079	31,185	32,203	41,509
Construction	22,084	12,8	4,786	16,365	18,073	18,627	21,931
Manufacturing	15,671	12,4	3,945	15,584	17,086	17,520	20,990
Transportation, Communication, and Public Utilities	18,084	39,6	3,881	49,870	56,257	64,644	72,737
Wholesale Trade	19,040	13,9	15,536	17,436	19,572	19,909	25,499
Retail Trade	46,416	35,1	38,008	42,118	46,472	47,361	56,147
Finance, Insurance, and Real Estate Services	9,643	10,3	11,904	14,190	16,463	16,636	21,957
Government	70,764	73,9	71,538	102,135	118,867	121,301	159,723
Federal (civilian)	\$62,587	\$51,1	\$53,723	\$58,356	\$63,833	\$65,814	\$79,399
Federal (military)	12,550	9,7	13,288	11,088	11,990	11,944	14,513
State and Local	1,189	1,4	1,476	1,555	1,632	1,711	1,898
	48,849	39,9	48,960	45,713	50,210	51,559	62,988

Note: Data may not add to totals due to rounding.

Sources: 1) U.S. Department of Commerce, Bureau of Economic Analysis, May 1988.  
2) Economic Consultants Northwest, Helena, Montana.





Non-farm earnings are projected to grow at an annual rate of 1.8 percent over the next 50 years. Most of the projected increase would come from earnings in the private sector, with 11 percent of the growth expected in the government sector.

1. Population Characteristics. Selected demographic characteristics for Butte-Silver Bow, the municipality of Walkerville, and the State of Montana are presented in Table 5. These characteristics represent actual measurements obtained during the 1980 census and estimates made by various government agencies since the 1980 census.

As illustrated in Table 5, the population of Butte-Silver Bow and Walkerville tends to be older than the population of the state as a whole. In 1980, nearly 15 percent of the population of Butte-Silver Bow and 23 percent of the population of Walkerville were classified as 65 years of age or older compared to the state average of 10.7 percent. The percent of the population less than 18 years old in Butte-Silver Bow is slightly lower (28.4 percent) than the state average (29.5 percent).

Classified as white compared to the state average of 94.3 percent. Native Americans residing in Butte-Silver Bow account for 1.4 percent of the total area population in contrast to 4.7 percent in Montana (Table 5). Walkerville has a white population of 99.5 percent, with no Native Americans as residents.



## APPENDIX B - TABLE 5

SELECTED DEMOGRAPHIC CHARACTERISTICS -  
NEW BUTTE MINING PROJECT STUDY AREA

Characteristic	Montana	Butte-Silver Bow	Walkerville
Population (1987)	809,000	33,700	700
Persons Per Family (1980) <sup>1</sup>	3.24	3.24	3.12
Per Capita Income (1985)	\$8,781	\$8,785	\$9,048
Percent Completing High School	75.4%	70.7%	N/A
Race (Percent)			
White	94.1%	97.4%	99.5%
Native American	4.7%	1.4%	0.0%
Other	1.2%	1.2%	0.5%
Birth Rate (1986 per 1,000)	15.5	13.7	N/A
Death Rate (1986 per 1,000)	8.2	12.5	N/A
Age Characteristics (1980)			
Under 18 Years	29.5%	28.4%	23.8%
18 to 64 Years	59.8%	56.7%	53.4%
65 and Over	10.7%	14.9%	22.8%

Sources: 1) U.S. Department of Commerce, Bureau of the Census, 1980, 1986.  
 2) Montana Department of Health and Environmental Sciences,  
 Records and Statistics Bureau, Helena, Montana, 1986.

<sup>1</sup>Not based on total personal income.



The average family size in Butte-Silver Bow is equal to the state average of 3.24, while the Walkerville family size is slightly higher at 3.92. Per capita income in Walkerville, as estimated by the U.S. Bureau of the Census in 1986, was \$9,048 per person. This amount is higher than both Butte-Silver Bow (\$8,785) and the state average (\$8,781).

Educational attainment, as measured by the percent of population completing high school in 1980, was slightly lower in Butte-Silver Bow than for the state. Nearly 71 percent of the population of Butte-Silver Bow have completed high school compared to the state average of 75.4 percent.

The birth rate (resident births per 1,000 population) in Butte-Silver Bow is slightly less than the state average. Fewer number of births can be attributed to the slightly older population in Butte-Silver Bow. For this same reason, the death rate in Butte-Silver Bow is slightly higher than the state average.

2. Population Trends. Until recent years, the state population has increased nearly every year (Table 6). Most of this increase has been due to natural causes (births over deaths) with little in-migration. In 1985, the population of Montana peaked at an estimated 825,000, and since that time the population has dropped to only 795,000 people, representing a loss of migration of approximately 30,000 people.

Unlike the state, the population of both Butte-Silver Bow and Walkerville has decreased steadily since 1940. In 1940, Butte-Silver Bow was the most populated county in the state with a total of 55,207 residents. By 1987, the population had declined to an estimated 33,700, a 37 percent decrease. Similarly, the population of Walkerville declined from 1,880 in



## APPENDIX B - TABLE 6

POPULATION TRENDS -  
NEW BUTTE MINE PROJECT STUDY AREA

Year	Montana	Butte-Silver Bow	Walkerville
<u>Census</u>			
1940	559,456	53,207	1,880
1950	591,024	48,422	1,631
1960	674,767	46,454	1,453
1970	694,409	41,981	1,097
1980	786,690	38,092	887
<u>Estimates</u>			
1981	796,000	37,400	850
1982	805,000	36,600	800
1983	816,000	36,000	800
1984	824,000	35,200	750
1985	825,000	34,600	750
1986	817,000	33,900	700
1987	809,000	33,700	700

Source: U.S. Department of Commerce, Bureau of the Census.





1940 to an estimated 700 persons by 1987. This decline in population is entirely attributable to the decrease in manpower required by the mining industry and the decline of the mining industry itself.

At the present time, it appears that the population of both Butte-Silver Bow and Walkerville have stabilized. With the rejuvenation of the mining industry and the progressive attitudes of the Butte-Silver Bow government with respect to attracting new industry, it is expected that the population will grow as employment increases.

3. Population Projections. The population of Butte-Silver Bow was projected (Table 7) in conjunction with the employment projections presented previously (see Table 2). The underlying assumption for these projections are that the economy of Butte-Silver Bow has "bottomed out" and that growth will occur as projected by BEA.

increase from 786,690 in 1980 to 971,203 by year 2035, representing an annual growth rate of 0.4 percent. This rate indicates a much slower growth rate than the 1940-80 historical annual growth rate of 0.9 percent. The projected growth rate for Butte-Silver Bow between 1980 and year 2035 is 0.3 percent, a rate less than the state average, but a complete reversal of historic trends.



## APPENDIX B - TABLE 7

BASELINE POPULATION PROJECTIONS -  
NEW BUTTE MINING PROJECT STUDY AREA

Age by Place	Census 1980	Projected					
		1990	1995	2000	2005	2015	2035
<u>Montana</u>							
0-14 Years	187,232	194,166	202,051	199,175	195,173	192,200	180,148
15-64 Years	514,859	527,405	552,143	584,514	621,681	630,273	583,555
65 and Over	<u>84,599</u>	<u>102,631</u>	<u>110,351</u>	<u>114,066</u>	<u>119,680</u>	<u>145,381</u>	<u>207,500</u>
Total	786,690	824,202	864,545	897,755	936,534	967,854	971,203
<u>Butte-Silver Bow</u>							
0-14 Years	8,623	8,428	9,023	9,127	8,987	8,901	8,378
16-64 Years	23,783	22,894	24,658	26,784	28,627	29,188	27,139
65 and Over	<u>5,686</u>	<u>4,455</u>	<u>4,928</u>	<u>5,227</u>	<u>5,511</u>	<u>6,733</u>	<u>9,650</u>
Total	38,092	35,777	38,609	41,138	43,125	44,822	45,167
<u>Walkerville</u>							
All Ages	700	750	750	750	800	800	800

Source: Calculations based on projected employment growth.



APPENDIX C

BASELINE FISCAL CONDITIONS





## APPENDIX C

### BASELINE FISCAL CONDITIONS

#### A. Fiscal Conditions

Baseline fiscal conditions are presented for Butte-Silver Bow government, the municipality of Walkerville, and Elementary and High School Districts #1.

##### 1. Butte-Silver Bow

Taxable valuation for Butte-Silver Bow has decreased 30 percent since fiscal year (FY) 1980 (Table 1). This decrease was due to a statewide reappraisal of property, closure of the Berkeley Pit Mine, and some legislative changes to personal property valuation. In FY 1987, land and improvements accounted for approximately 58.2 percent of all taxable valuation, while centrally assessed properties (such as utilities and gross proceeds) accounted for 23.4 percent. The remaining taxable valuation (18.4 percent) came from personal property.

Mill levies in Butte-Silver Bow have risen from 135.55 mills in FY 1980 to 157.11 mills in FY 1987. In FY 1987, the general fund comprised 29.9 percent (46.71 mills) of the total mill levies, while the remaining 127.40 mills (80.2 percent) was divided among roads (4.95 mills), bridges (3.96 mills), district court (15.41 mills), and other uses (51.39 mills). The general fund portion of the total mill levies in Butte-Silver Bow increased from 29.9 percent (40.47 mills) in FY 1980 to 44.2 percent (69.40 mills) in FY 1987.

Revenues to Butte-Silver Bow government have increased slightly since FY 1980. However, the sources of revenue have undergone major changes. In



APPENDIX C - TABLE 1

LOCAL GOVERNMENT TAXATION -  
BUTTE-SILVER BOW COUNTY

Category	1979-80		1985-86		1986-87	
	Amount	Percent	Amount	Percent	Amount	Percent
<u>Taxable Valuation (\$0 00)</u>	\$74,502.0	100.0%	\$37,131.9	100.0%	\$38,145.8	100.0%
Land & Improvements	22,516.0	41.3%	22,153.0	59.7%	22,207.1	58.2%
Centrally Assessed Property	11,248.4	20.6%	8,178.1	22.0%	8,937.7	23.4%
Personal Property	20,737.6	38.0%	6,800.8	18.3%	7,001.0	18.4%
<u>Mill Levies</u>	135.55	100.0%	157.09	100.0%	157.11	100.0%
General Fund	40.47	29.9%	72.62	46.2%	69.40	44.2%
Poor	13.50	10.0%	12.00	7.6%	12.00	7.6%
Other	81.58	60.2%	72.47	46.1%	75.71	48.2%
<u>All Revenue</u>	\$18,094,866	100.0%	\$15,708,404	100.0%	\$14,361,183	100.0%
Property Taxes	862,804	48.5%	6,413,260	41.8%	5,280,961	36.8%
Transfers	335,508	27.6%	4,702,095	29.9%	3,619,377	25.2%
Other	896,554	23.9%	4,593,049	29.2%	5,460,845	38.0%
<u>All Expenditures</u>	\$14,074,921	100.0%	\$13,931,521	100.0%	\$14,003,590	100.0%
General Government	2181,787	15.5%	2,265,174	16.3%	2,501,035	17.9%
Public Safety	1,701,916	26.3%	3,707,568	26.6%	3,800,844	27.1%
Public Works	2,673,064	19.0%	3,092,133	22.2%	3,328,512	23.8%
Public Health	962,306	6.8%	725,117	5.2%	651,862	4.7%
Other	4,555,848	32.4%	4,141,529	29.7%	3,721,337	26.6%
Population	38,092		33,900		33,700	
Per Capita Expenditure	\$492		\$422		\$416	
<u>General Fund Statistics</u>						
Revenues	\$728,358		\$5,514,369		\$5,363,317	
Expenditures	649,641		5,519,500		5,781,200	
Expenditures (1986 dollars)	521,867		5,663,444		5,781,200	
Per capita Expenditures	263		171		172	

Note: Per capita expenditures are in terms of 1986 dollars.

Source: Montana Tax Foundation, Inc., Helena, Montana.  
Montana Department of Commerce, Local Government Services Division,  
Helena, Montana.



FY 1980, property taxes accounted for nearly 50 percent of all revenues to Butte-Silver Bow. By FY 1987, property taxes decreased to 36.8 percent of all revenues as other sources became more dominant for funding Butte-Silver Bow government.

Real expenditures for Butte-Silver Bow has have changed little since FY 1980. In FY 1980 and 1987, expenditures were divided almost equally among general government, public works, and public safety (Table 1). In constant 1986 dollars, per capita expenditures for Butte-Silver Bow has decreased 16 percent since 1980 (\$492 per person to \$416 per person).

General fund revenues and expenditures comprise about one-third of the total budget for the county. In terms of 1986 dollars, general fund expenditures decreased in both total and on a per capita basis since 1980. Constant per capita general fund expenditures were \$172 per person in FY 1987, which represents a 35 percent decrease from FY 1980 levels.

## 2. Municipality of Walkerville

Taxable valuation in Walkerville decreased 40 percent since FY 1980 (Table 2). Most of this decrease has been in the taxable valuation of personal property, which declined from \$183,100 in FY 1980 to \$20,600 by FY 1987. The decrease in taxable valuation has not been offset by increased millage nor by a significant reduction in population.

The mills levied for municipal purposes in Walkerville declined from 53 mills in FY 1980 to 50 mills in FY 1987 (Table 2). In FY 1980, Walkerville levied mills for specific purposes such as streets and the general fund. Today, Walkerville uses an all purpose levy of 46 mills together with 4 mills applied to fireman's relief. The decline in taxable





## LOCAL GOVERNMENT TAXATION - MUNICIPALITY OF WALKERVILLE

Category	1979-80		1985-86		1986-87	
	Amount	Percent	Amount	Percent	Amount	Percent
<u>Taxable Valuation (\$ 00)</u>	\$366.7	100.0%	\$217.0	100.0%	\$219.2	100.0%
Land & Improvement	183.6	50.1%	185.5	85.5%	184.8	84.3%
Centrally Assessed Property	.0	.0%	12.8	5.9%	13.8	6.3%
Personal Property	183.1	49.9%	18.7	8.6%	20.6	9.4%
<u>Mill Levies</u>	53.00	100.0%	50.00	100.0%	50.00	100.0%
General Fund	21.00	39.6%	46.00	92.0%	46.00	92.0%
Streets	22.00	41.5%	.00	.0%	.00	.0%
Other	10.00	18.9%	4.00	8.0%	4.00	8.0%
<u>All Revenues</u>	\$82,965	100.0%	\$77,271	100.0%	\$70,543	100.0%
Property Taxes	26,532	32.0%	13,860	17.9%	10,996	15.6%
Transfers	19,702	23.7%	41,913	54.2%	23,565	33.4%
Other	36,731	44.3%	21,498	27.8%	35,982	51.0%
<u>All Expenditures</u>	\$62,931	100.0%	\$67,507	100.0%	\$71,790	100.0%
General Government	47,422	75.4%	22,523	33.4%	34,040	47.4%
Public Safety	2,965	4.7%	2,851	4.2%	6,200	8.6%
Public Works	5,863	9.3%	37,966	56.2%	30,550	42.6%
Other	6,681	10.6%	4,167	6.2%	1,000	1.4%
Population	887		700		700	
Per Capita Expenditures (1986 dollars)	\$ 94		\$ 99		\$ 103	

Sources: 1) Montana Foundation, Inc., Helena, Montana.  
2) Montana Department of Commerce, Local Government Services Division, Helena, Montana.





valuation coupled with the decrease in mill levies indicates that the municipality of Walkerville is experiencing difficult times with respect to budgeting and taxation.

Total revenues to Walkerville dropped from \$82,965 in FY 1980 to \$70,543 by FY 1987, whereas expenditures have leveled off to about \$70,000 per annum. Most of the expenditures are for fire protection, Walkerville's share of police protection, city streets, and general government. Per capita expenditures have risen only slightly in the last 7 years from \$94 in FY 1980 to \$103 in FY 1987.

### 3. Butte-Silver Bow School Districts

Similar to county valuation, the taxable valuation of both the elementary school district and the high school district in Butte-Silver Bow has declined significantly since FY 1981 (Table 3). Between FY 1981 and FY 1987, the elementary school district's taxable valuation declined 34 percent, while the high school district decreased 31 percent.

Countywide school levies increased 20 percent from 78.53 mills in FY 1981 to 94.52 mills in FY 1987. Most of this increase occurred in the general school mill levy (Table 3). District levies also have increased substantially, with most of the increases occurring in the high school levies which rose from 41.03 mills in FY 1981 to 64.11 in FY 1987. During this same time period, general fund levies for the elementary school district decreased by nearly 10 mills.

Total revenues to Elementary School District #1 have remained fairly constant since FY 1981, while enrollment has declined by nearly 1,000 students. General fund revenues for the elementary school district comprise nearly 80 percent of all revenues. The major source of general fund revenues



APPENDIX C TABLE 3

LOCAL GOVERNMENT TAXATION - BUTTE SCHOOL DISTRICT #1

Category	1980-81		1985-86		1986-87	
	Amount	Percent	Amount	Percent	Amount	Percent
<u>Taxable Valuation (\$000)</u>						
Elementary District #1	\$48,577.8		\$37,993.7		\$32,088.7	
High School District #1	53,136.9		43,247.8		36,759.8	
<u>Mill Levies</u>						
Countywide Levies	78.53	100.0%	97.12	100.0%	94.52	100.0%
High School General	27.72	35.3%	34.50	35.5%	32.37	34.2%
School General	49.31	62.8%	61.12	62.9%	60.65	64.2%
Other	1.50	1.9%	1.50	1.5%	1.50	1.6%
<u>District Levies</u>						
General Fund	163.87	100.0%	190.03	100.0%	184.47	100.0%
Transportation	109.42	66.8%	110.60	58.2%	99.62	54.0%
High School	5.48	3.3%	4.64	2.4%	11.72	6.4%
Other	41.03	25.0%	66.58	35.0%	64.11	34.8%
	7.94	4.8%	8.21	4.3%	9.02	4.9%
<u>Elementary District Financial Data</u>						
ANB	4,804		4,147		3,911	
<u>All Revenues</u>						
General Fund Revenues	\$14,154,164	100.0%	\$15,326,625	100.0%	\$14,626,328	100.0%
District Levies	\$11,333,786	80.1%	\$12,241,899	79.9%	\$11,490,175	78.6%
County Funds	5,556,402	49.0%	4,112,735	33.6%	3,746,093	32.6%
State Funds	1,313,927	11.6%	1,308,843	10.7%	1,123,763	9.8%
Other Funds	4,390,674	38.7%	6,099,720	49.8%	5,786,224	50.4%
	72,783	.6%	720,601	5.9%	834,095	7.3%
<u>All Expenditures</u>						
General Fund	\$14,025,808	100.0%	\$14,671,724	100.0%	\$14,113,305	100.0%
Transportation	11,210,909	79.9%	11,607,087	79.1%	11,105,034	78.7%
Retirement	268,829	1.9%	350,507	2.4%	397,567	2.8%
Debt Service	1,291,754	9.2%	1,416,479	9.7%	1,420,485	10.1%
Other	223,434	1.6%	214,157	1.5%	80,508	.6%
	1,030,882	7.3%	1,083,494	7.4%	1,109,711	7.9%
Per ANB Expenditures	\$ 3,887		\$ 3,630		\$ 3,609	



Category	1980-81		1985-86		1986-87	
	Amount	Percent	Amount	Percent	Amount	Percent
<u>High School District Financial Data</u>						
ANB	2,160		1,822		1,777	
All Revenues	\$ 7,147,401	100.0%	\$ 9,358,015	100.0%	\$ 8,711,872	100.0%
General Fund Revenues	5,320,057	74.4%	6,758,310	72.2%	6,611,907	76.8%
District Levies	1,993,150	37.5%	2,035,483	30.1%	2,111,117	32.3%
County Funds	776,887	14.6%	823,683	12.2%	711,181	10.9%
State Funds	2,467,695	46.4%	3,569,972	52.8%	3,294,117	50.5%
Other Funds	82,325	1.5%	329,172	4.9%	422,668	6.3%
All Expenditures	\$ 7,106,971	100.0%	\$ 8,854,303	100.0%	\$ 8,319,072	100.0%
General Fund	5,421,148	76.3%	6,362,187	71.9%	6,447,709	76.9%
Transportation	121,300	1.7%	165,913	1.9%	110,489	2.2%
Retirement	608,065	8.6%	779,974	8.8%	799,883	9.0%
Debt Service	2,632	.0%	580,898	6.6%	3,542	.1%
Other	953,826	13.4%	965,331	10.9%	55,449	11.8%
Per ANB Expenditures	\$ 4,381		\$ 4,986		\$ 4,693	

Note: Per ANB expenditures are in terms of 1986 dollars.

Sources: 1) Montana Tax Foundation, Inc., Helena, Montana.  
2) Montana Office of Public Instruction, Helena, Montana.





are from state funds (50 percent), whereas district funds comprise about 30 percent of all general fund revenues.

Spending patterns by fund in the elementary school district have remained fairly stable between FY 1981 and FY 1987, with general fund expenditures comprising approximately 80 percent of all spending. The next largest category for elementary expenditures is retirement (about 10 percent of all expenditures). Debt service makes up less than 1 percent of all elementary school expenditures. Per ANB expenditures in constant 1986 dollars have dropped from \$3,887 in FY 1981 to \$3,609 in FY 1987.

Butte High School District #1 revenues have increased about 22 percent since FY 1981, whereas school enrollment has declined (Table 3). General fund revenues make up approximately three-fourths of all revenues to the high school. The major source of general fund revenues are state funds (50.5 percent) followed by district levies (32.3 percent). Other funds, such as federal sources, comprise less than 7 percent of the general fund.

Per ANB expenditures in constant 1986 dollars at the high school level have increased about 7 percent since FY 1981. Spending patterns by fund have varied little from year-to-year, with general fund spending comprising about 76 percent of total expenditures. About 2 percent of the high school general fund is spent on transportation, while approximately 9 percent is spent on retirement. Less than 1 percent of the general fund is expended for debt service.



## APPENDIX D

### HOUSING



## APPENDIX D

### HOUSING

#### A. Housing

Housing characteristics and availability were assessed through personal interviews with realtors, mobile home park owners, and apartment complex managers/owners; from data compiled by the U.S. Bureau of the Census and other published documents; and from an inventory of the real estate classified section in The Montana Standard. While housing units for sale or for rent are ever changing, the following description provides an overview of the housing situation.

##### 1. Housing Characteristics and Trends

The U.S. Bureau of the Census reported that, in 1980, Butte had 15,689 total housing units, 97.6 percent of the county total of 16,071 (Table 1). Of the 14,256 occupied housing units in Butte, 70.2 percent were owner-

Table 2 presents selected housing characteristics for Silver Bow County and the State of Montana.<sup>1</sup> As compared to the state, Silver Bow County has a higher percent of houses (55.1 percent) that were constructed prior to 1940 than does Montana as a whole (30.3 percent). Conversely, the state showed 45.6 percent of homes were constructed between 1960 and 1980, whereas Silver Bow County showed 25.5 percent of homes were built during that period.

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<sup>1</sup>Because Table 15 is based on a sample rather than a complete count as presented in Table 14, total number of housing units illustrated in the 2 tables are slightly different.



## APPENDIX D - TABLE 1

HOUSING CHARACTERISTICS, BUTTE AND  
SILVER BOW COUNTY, 1980

Housing Characteristic	Silver Bow County	Butte
Total Housing Units	16,071	15,689
Year-around Housing Units	16,031	15,651
<u>Occupied Housing Units</u>	14,605	14,256
Owner-occupied Housing Units	10,297	10,006
Renter-occupied Housing Units	4,308	4,250
<u>Units Vacant</u>	1,426	1,395
For Sale	140	137
For Rent	732	727
Sold or Rented (Awaiting Occupancy)	159	159
Held for Occasional Use	78	77
Other Vacant	317	295

Source: U.S. Department of Commerce, Bureau of the Census, 1982.





## APPENDIX D - TABLE 2

COMPARISON OF SELECTED HOUSING  
CHARACTERISTICS FOR SILVER BOW  
COUNTY AND STATE OF MONTANA, 1980

Housing	Silver Bow	Percent of	State of	Percent of
<u>Structures by Year Built</u>				
1960 to 1980 <sup>1</sup>	4,086	25.5%	143,721	45.6%
1940 to 1959	3,119	19.4%	75,815	24.1%
1939 to Earlier	<u>8,836</u>	<u>55.1%</u>	<u>95,562</u>	<u>30.3%</u>
Total	16,041	100.0%	315,098	100.0%
<u>Units in Structure</u>				
1 Unit	11,230	70.0%	208,673	66.2%
2 Unit	812	5.1%	17,213	5.5%
3 and 4 Units	732	4.5%	17,291	5.5%
5 or More Units	2,034	12.7%	31,134	9.9%
Mobile Homes	<u>1,233</u>	<u>7.7%</u>	<u>40,787</u>	<u>12.9%</u>
Total	16,041	100.0%	315,098	100.0%

Source: Montana Department of Commerce, The Census and Economic Information Center, Helena, Montana, 1985.

<sup>1</sup>Includes data through March 1980.



In 1980, Silver Bow County was similar to Montana with respect to the number of units in housing structures (Table 2). The majority (70 percent) of the housing structures in the county were classified as 1 unit dwellings as compared to 66.2 percent at the state level. A survey of building permit records for new construction between 1978 and 1984 was conducted by Butte-Silver Bow in preparing the Butte-Silver Bow Master Plan (1986). The survey found that the predominance of the single family, detached dwelling continues to be the dominant form of housing (Butte-Silver Bow 1986). The survey also revealed that, although there has been some new home construction on vacant lots in old residential neighborhoods, new home construction also has occurred in the urban fringe of Butte or in suburban areas.

The Butte-Silver Bow Master Plan (1986) identified an increase in manufactured home units as a component of new housing construction. The Plan provided the following possible reasons for the use of manufactured home units:

....changes in the regulatory policies of the local government which permits manufactured homes to be established in any residential zone; adoption and enforcement of construction standards by the Department of Housing and Urban Development which has resulted in a safer and more livable unit; the ability to get long-term financing including VA and FHA loans to purchase manufactured homes; and the high costs of construction of more conventional forms of housing.

New commercial development has started to occur in residentially-zoned areas through request and approval of zone changes from residential to commercial. This encroachment of commercial establishments into residential areas is not due to lack of vacant land available for commercial development; rather, businesses can usually find lower priced land in residential areas than in commercially-zoned areas (Butte-Silver Bow 1986).



## 2. Availability of Housing

Personal interviews that were conducted with owners/managers of 2 mobile home courts found that there were 107 full hook-up spaces in the mobile home courts. Rental charges for lots ranged from \$70.00 to \$100.00 including all utilities except electricity. Occupancy was reported to be near capacity throughout the year (Cathy Casebolt, pers. comm., September 29, 1988); Chuck McClosky, pers. comm., September 28, 1988).

Twelve apartment complex owners/managers were contacted to determine apartment rental availability. Based on the survey, there were a total of 932 apartment units in the 12 apartment complexes (Table 3). Of the 932 apartment units, 47 percent (or 437 apartments) of the apartments base the monthly rental charge on 30 percent of the tenant's income. Three of the apartment complexes (156 apartment units) have been set aside for senior citizens or for 62, disabled, or handicapped people. All apartment owners/managers reported good occupancy rates in their apartment buildings.

Local realtors indicated that there is a shortage of rental housing available in the Butte area. One realtor expressed the opinion that Butte is "very much in need of good rental dwelling places for families and senior citizens." Rental units advertised in the classified section of The Montana Standard (September 18 and 23, 1988) showed approximately 15 homes and 15 apartments advertised for rent, excluding the apartment complexes listed in Table 3.

In addition to apartment and home rentals, 21 motels and hotels in Butte offer a total of 1,169 rooms (Butte-Silver Bow, June 1988). Some of the motels offer kitchenettes, family size units, and continental breakfasts.





## APPENDIX D - TABLE 3

CHARACTERISTICS OF SELECTED APARTMENT COMPLEXES  
BUTTE-SILVER BOW

Apartment Complex	Total Number of Apartments	Monthly Rate <sup>1</sup>	Comments
Finlen Complex	40	1 room: \$175 Kitchenette: \$250 2 bdrm: \$400	Includes utilities. Secured building.
Legion Oasis	160	1 bdrm: \$202 2 bdrm: \$260 3 bdrm: \$272 4 bdrm: \$292	Includes utilities.
Mueller Apartments	55	Studios: \$135-\$145 1 bdrm: \$190	Includes heat.
Napton Apartments	48	Studios: \$110 1 bdrm: \$135 2 bdrm: \$185	Includes heat.
Renz Apartments	16	2 bdrm: \$360-\$450	Includes utilities except electricity. Garage, \$25 extra.
Tripp & Dragstedt Apartments	38	1 bdrm: \$170 2 bdrm: \$210	Includes heat.
Columbus Plaza	138	Studios: 30% of income	Includes utilities. Set aside for 62, disabled, or handicapped.
Highland View Manor	60	Mostly studios: 30% of income	Utilities included. Set aside for 62, disabled, or handicapped.
Leggat Apartments	30	1 bdrm & 2 bdrm: 30% of income	Includes utilities. Set aside for Senior Citizens.
Rosalie Manor	66	1 bdrm & 2 bdrm: 30% of income	Includes utilities. Set aside for Senior Citizens.



Appendix D - Table 3 (Continued)

Apartment Complex	Total Number of Apartments	Monthly Rate <sup>1</sup>	Comments
Silver Bow Homes	225	1 bdrm, 2 bdrm, & 3 bdrm: 30% of	Includes utilities. Limit on number in
Sunset Silver Bow Apartments	56	1 bdrm, 2 bdrm, & 3 bdrm: Based on income (range: \$232 to \$310)	Includes utilities.

Sources: Personal interviews conducted with Shirley Renz, September 28, 1988; Bill Rogers, September 29, 1988; Laurie Seccomb, September 28, 1988; Julie Taras, September 29, 1988; Rosalie Gibbons, September 28, 1988 and September 29, 1988; Mickey Miller, September 28, 1988.

<sup>1</sup>Includes both furnished and unfurnished rental rates.



There are about 300 homes listed for sale in the Butte area, which has been about the extent of the housing market for a year (Shirley Olds, pers. comm., September 30, 1988). Inventory of homes for sale in the classified section of The Montana Standard (September 18 and 25, 1988) revealed an average of 86 homes listed for sale by real estate agencies and owners. Prices ranged from \$7,000 to \$108,000 for homes without acreage.



APPENDIX E  
MIGRATION DISTRIBUTION





APPENDIX E - TABLE 1

EXPECTED DIRECT AND INDIRECT MIGRATION  
TO BUTTE SILVER BOW STUDY AREA  
DUE TO NEW BUTTE MINING PROJECT

Category	Migrations					
	Qtr. 1	Qtr. 2	Qtr. 1	Qtr. 2	Qtr. 3	Qtr. 4
<u>Net Migration:</u>						
Direct Employees	10	1	9	6	6	0
Indirect Employees	0	3	0	7	2	4
Spouses	8	3	7	9	6	3
Children - Total	12	3	12	11	8	2
Grades K through 8	6	1	6	5	4	1
Grades 9 thorough 12	2	1	2	2	1	0
Not in School	<u>4</u>	<u>1</u>	<u>4</u>	<u>4</u>	<u>3</u>	<u>1</u>
Total Net Migration	30	10	28	33	22	9
<u>Cumulative Migration:</u>						
Direct Employees	10	11	20	26	32	32
Indirect Employees	0	3	3	10	12	16
Spouses	8	11	18	27	33	36
Children - Total	12	15	27	38	46	48
Grades K through 8	6	7	13	18	22	23
Grades 9 through 12	2	3	5	7	8	8
Not in School	<u>4</u>	<u>5</u>	<u>9</u>	<u>13</u>	<u>16</u>	<u>17</u>
Total Migration	30	40	68	101	123	132



## APPENDIX E - TABLE 2

EXPECTED DIRECT AND INDIRECT MIGRATION TO BUTTE-SILVER BOW  
(EXCLUDING WALKERVILLE)  
DUE TO NEW BUTTE MINING PROJECT

Category	<u>Construction</u>		<u>Operations</u>			
	Qtr. 1	Qtr. 2	Qtr. 1	Qtr. 2	Qtr. 3	Qtr. 4
<u>Net Migration:</u>						
Direct Employees	9	1	8	5	5	0
Indirect Employees	0	3	0	6	2	3
Spouses	7	3	6	8	5	2
Children - Total	11	3	11	9	7	2
Grades K through 8	5	1	5	4	3	1
Grades 9 through 12	2	1	2	2	1	0
Not in School	<u>4</u>	<u>1</u>	<u>4</u>	<u>3</u>	<u>3</u>	<u>1</u>
Total Net Migration	27	10	25	28	19	7
<u>Cumulative Migration:</u>						
Direct Employees	9	10	18	23	28	28
Spouses	7	10	16	24	29	31
Children - Total	11	14	25	34	41	43
Grades K through 8	5	6	11	15	18	19
9-12	2	3	5	7	8	8
Not in School	<u>4</u>	<u>5</u>	<u>9</u>	<u>12</u>	<u>15</u>	<u>16</u>
Total Migration	27	37	62	90	109	116



## APPENDIX E - TABLE 3

EXPECTED DIRECT AND INDIRECT MIGRATION TO WALKERVILLE  
DUE TO NEW BUTTE MINING PROJECT

Category	<u>Construction</u>		<u>Operations</u>			
	Qtr. 1	Qtr. 2	Qtr. 1	Qtr. 2	Qtr. 3	Qtr. 4
<u>Net Migration:</u>						
Direct Employees	1	0	1	1	1	0
Indirect Employees	0	0	0	1	0	1
Spouses	1	0	1	1	1	1
Children - Total	1	0	1	2	1	0
Grades K through 8	1	0	1	1	1	0
Grades 9 thorough 12	0	0	0	0	0	0
Not in School	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>	<u>0</u>	<u>0</u>
Total Net Migration	3	0	3	5	3	2
<u>Cumulative Migration:</u>						
Direct Employees	1	1	2	3	4	4
Indirect Employees	0	0	0	1	1	2
Spouses	1	1	2	3	4	5
Children - Total	1	1	2	3	4	4
Grades K through 8	1	1	2	3	4	4
Grades 9 through 12	0	0	0	0	0	0
Not in School	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>	<u>1</u>	<u>1</u>
Total Migration	3	3	6	11	14	16

